

so promptly offset, the enactment of the bill will go far to discourage foreign nations in the use of these devices which have, in the past, caused considerable dislocation of normal international trade.

The bill, in short, provides for every stated objective of the trade agreements program on an even more liberal basis than the limited-rate changes which are possible under that program, but it does so without tying the hands of the United States in such a way as to prevent us from making changes in our rates except upon the advice and consent of our competitors abroad.

The bill represents a constructive, positive program to handle the problems of foreign trade and to take our tariff structure out of the political arena—both national and international. It should receive enthusiastic support from the members of both parties.

COMMITTEE MEETING DURING SENATE SESSION

Mr. WHERRY. Mr. President, I ask unanimous consent that a subcommittee of the Committee on Interstate and Foreign Commerce be permitted to hold hearings during the remainder of the session of the Senate this afternoon.

The PRESIDING OFFICER. Without objection, consent is granted.

AUTHORIZATION FOR PRESIDENT PRO TEMPORE TO SIGN ENROLLED BILLS DURING RECESS

Mr. WHERRY. Mr. President, I ask unanimous consent that the President pro tempore be authorized to sign the following enrolled bills during the recess of the Senate:

S. 1481. An act to authorize the Board of Commissioners of the District of Columbia to establish daylight-saving time in the District;

S. 2195. An act to amend and extend the provisions of the District of Columbia Emergency Rent Act, approved December 2, 1941; and

S. 2409. An act to amend an act entitled "An act to provide revenue for the District of Columbia, and for other purposes, approved July 16, 1947."

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE PROGRAM

Mr. WHERRY. Mr. President, I may state it is the intention now, subject to approval by the Senate, that when the Senate recesses today, it shall be until Friday noon. I call the attention of Senators to the fact that today a bill was reported from the Committee on Banking and Currency, relating to an extension of another 30 days, I think, of the so-called National Housing Act. The bill refers to loans under title VI. It will undoubtedly be called for consideration next Friday, since, I understand, the present 30-day extension will expire on that day.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. WHERRY. I am glad to yield.

Mr. ELLENDER. Does the bill propose to increase the fund for insurance purposes?

Mr. WHERRY. I am not sure what it does. I simply wanted to call attention to the fact that the bill had been

reported, and that, in view of the fact that the present law terminates next Friday, all Senators who are interested in the extension of the act, either for 30 days or on any other basis, should be present. Senators may differ as to the amount of money involved.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. WHERRY. I am glad to yield to the Senator from Illinois.

Mr. LUCAS. Can the acting majority leader advise the Senate what legislation the majority proposes to bring up next week?

Mr. WHERRY. I am glad to state to the distinguished Senator that it is the intention now to bring up on Monday the Army civil-functions appropriation bill, about which there is considerable controversy. Minority views have been or will be filed, and consideration of the bill will no doubt take considerable time on Monday, perhaps all afternoon.

It is the hope of those interested that, after Monday, the armed-services legislation, or some phase of it, may be considered at an early date.

I think, in view of the minority views, a full afternoon's debate will be necessary Monday on the Army civil-functions appropriation bill, following which, if legislation is reported by the Armed Services Committee, that certainly should be given priority.

Mr. LUCAS. I thank the Senator from Nebraska for the information.

RECESS TO FRIDAY

Mr. WHERRY. Mr. President, if there is nothing further to come before the Senate today, I move that the Senate recess until Friday noon next.

The motion was agreed to; and (at 3 o'clock and 49 minutes p. m.) the Senate took a recess until Friday, April 30, 1948, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate April 28 (legislative day of April 22), 1948:

DIPLOMATIC AND FOREIGN SERVICE

Thomas C. Wasson, of New Jersey, a Foreign Service officer of class 2 and consul general at Jerusalem, Palestine, and Transjordan, to be the representative of the United States of America on the Truce Commission for Palestine which was established by resolution of the Security Council of the United Nations April 23, 1948.

COLLECTOR OF CUSTOMS

Robert L. Shivers, of Honolulu, Hawaii, to be collector of customs for customs collection district No. 32, with headquarters at Honolulu, Hawaii. (Reappointment.)

HOUSE OF REPRESENTATIVES

WEDNESDAY, APRIL 28, 1948

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, who hast committed unto us the solemn trust of free government, grant unto our Nation the blessing

of harmony and concord, making us one in heart, in mind, and in purpose.

Be with our President, our Speaker, and the Congress. As leaders may they be exemplars of the great virtues, guarded by Thy holy influence in doing the right. In these days of striving, help us so to acquit ourselves that we shall give no evidence of indifference. By the crises that press upon us, by the future that awaits us, by the hopes which cast their beams across our fears, and by the thought of Him who died to make man free, do Thou enable us to choose the divine way of justice and humanity. In Christ's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

REPEALING TAX ON OLEOMARGARINE

The SPEAKER. The unfinished business is consideration of the bill (H. R. 2245) to repeal the tax on oleomargarine.

The Chair recognizes the gentleman from South Carolina [Mr. RIVERS].

Mr. RIVERS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 2245) to repeal the tax on oleomargarine.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 2245, with Mr. ARENDS in the chair.

The Clerk read the title of the bill.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I yield myself 5 minutes.

Mr. MURRAY of Wisconsin. Mr. Chairman, I make a point of order a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Sixty-nine Members are present, not a quorum. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 51]

Albert Andrews, Ala.	Gallagher	Miller, Calif.
Battle	Gillette	Monroney
Bell	Granger	Morgan
Bennett, Mo.	Grant, Ala.	Norrell
Blatnik	Grant, Ind.	Norton
Bloom	Harless, Ariz.	Pfeifer
Boggs, Del.	Harrison	Phillips, Tenn.
Boykin	Hartley	Ploeser
Buckley	Hedrick	Price, Fla.
Carroll	Hendricks	Rains
Carson	Hobbs	Rich
Celler	Jackson, Calif.	Rizley
Chenoweth	Jarman	Rooney
Cole, Mo.	Jenkins, Ohio	Schwabe, Mo.
Colmer	Jennings	Scoblick
Cooley	Johnson, Okla.	Simpson, Pa.
Cox	Kearney	Smith, Maine
Cravens	Kearns	Smith, Ohio
Crow	Kefauver	Taylor
Dawson, Ill.	Kilday	Teague
Dingell	Lemke	Thomas, N. J.
Douglas	Lesinski	Vursell
Durham	McCowan	Wadsworth
Ellis	Manasco	West
Fisher	Mansfield	
	Meade, Ky.	

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. ARENDS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H. R. 2245, and finding itself without a quorum, had directed the roll to be called, when 354 Members responded to

their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The SPEAKER. The Committee will resume its sitting.

The Committee resumed its sitting.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I yield back the 5 minutes I yielded to myself previously and now yield 2 minutes to the gentleman from Pennsylvania [Mr. GROSS].

Mr. GROSS. Mr. Chairman, as a dairy farmer from the great State of Pennsylvania and having been for a long time associated—in fact, having been associated all my life—with the industry and having won recognition in that field as a producer of dairy products and a breeder of good cows, I feel wounded today, not because the tax is going to be removed from oleomargarine—no; to me that is the insignificant part of this battle that is raging around here which has been so well lobbied and so well paid for on all sides—I feel wounded because of the fact we have been working so hard and so long to produce and have produced in this country the best supply of dairy products that have ever been marketed any place in the whole world all these years and have brought such products up to standards that are unsurpassed.

I am sorry that certain Members from the cotton area have seen fit for the last month to come into the well of this House from day to day and make malicious, vicious, small, and trifling assaults and attacks on our dairy products by saying they were not fit for human consumption; that they contained all manner of disease; to the extent that their own people are refusing to use them, and to the extent that their own people, knowing the make-up of oleomargarine, are refusing to use it, too. That is why, in certain sections of the South, when the Committee on Agriculture visited down there, even in some of the best hotels we could not be served with either oleomargarine or butter. There were some fine dinners given us in certain sections of the South, where many of their people were guests. I observed that milk was served in bottles, and not one of their guests tasted milk, while every member of the group from a dairy section drank his milk.

They have built up a prejudice against dairy products by their vicious attacks. It seems to me that those good farmers down there—and I know there are many of them in the South, and I know there are some good dairymen down there—I have made up my mind about one thing, and that is if they keep sending certain men back here to Congress who have maligned them as they have, who have maligned their product as they have, then I might vote for the Federal aid for education bill, because something will have to be done in certain sections of the South.

The dairy industry has not been subsidized like the crops are subsidized from which oleomargarine is made. The dairy farmers suffer from that subsidy in the fact that peanut feeds, soybean feeds,

and cottonseed feeds have been pegged up in price by the Government. Peanuts have been taken from \$40 to \$200 per ton. They have been priced off the market just as some other commodities. Due to price and supports and subsidies, dairy feeds are today selling at more than \$100 per ton. They have likewise increased production to the point where the Government is burdened with tremendous surpluses, which are proving costly to the taxpayers. It is politically unwise in the fact that this pressure has come from the South.

You Democrats were in the saddle for 14 long years and could have removed this tax, but with you it was a hot potato. You feared the farm votes. Now the Republicans were suckers enough to have the baby dumped in their laps. It has not been popular in the very fact that Stassen carried Pennsylvania yesterday, after having made the declaration that he was for the tax, which ought to make some faces red who trotted down this aisle to sign this petition.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. GROSS] has expired.

Mr. RIVERS. Mr. Chairman, I yield 3 minutes to the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Chairman, this is not the first time that the gentleman from Pennsylvania [Mr. GROSS] has attacked the people of the Southern States.

Some time ago he wanted to send somebody down there to improve our looks. I suggested then that if the people of Pennsylvania were going to send a missionary for that purpose, the chances were that the last one they would pick for that purpose would be the gentleman from Pennsylvania [Mr. GROSS].

Now he wants to send somebody down there to improve our intelligence. I submit that if the State of Pennsylvania wants to send anybody to the South to improve the intelligence of the people of that great section of the country, the last missionary they would pick for that purpose would be the gentleman from Pennsylvania [Mr. GROSS].

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. Certainly.

Mr. GROSS. I assure you I can do your State a lot of good.

Mr. RANKIN. I can think of no contribution the gentleman could possibly make to the looks, the intelligence, or the welfare of the people of Mississippi.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I yield such time as he may desire to the gentleman from Nebraska [Mr. STEFAN].

Mr. STEFAN. Mr. Chairman, it is impossible for me to vote to repeal the Federal laws and taxes which regulate the sale of oleomargarine. The reason I oppose the elimination of this tax is because the dairy farmers and the American farmers who milk cows will be seriously affected by this far-reaching piece of legislation. In my opinion, this is a threat that reaches right down into the farm home and into the business of

every farming community in our land. This legislation can easily result in the uncontrolled, ruthless competition of a low-cost synthetic product sold in almost complete imitation of butter. I fear that it will hurt butter prices and reflect its damage through the entire dairy industry. I fear that there will be fewer farmers who can be able to stay in the milk business, and what hurts the farmer who milks the cow and what hurts agriculture in general will hurt business in all of our farming communities.

The propaganda to repeal the oleo laws is backed by a powerful lobby which apparently is supplied with and which has spent millions of dollars. I fear our housewives have been hoodwinked by this unfair publicity campaign into believing they are paying exorbitant "spite prices" as a tribute to dairy farmers.

I predict higher and not lower prices for synthetic and imitation butter in the not distant future if this bill is passed. I predict less use of soybean oil, cottonseed oil, and other American-produced oils in the manufacture of future oleomargarine. It is my firm belief that what the synthetic butter trust is planning for the future is to flood our country with cheaply produced foreign oils, such as coconut oil, which will go into the manufacture of future margarine.

This bill is merely the vehicle by which the floodgates for this foreign-produced oil will be opened and the American market which belonged to the American farmer will be destroyed.

The oleo taxes are not burdensome but they are absolutely necessary for the enforcement of the present laws. There can be no compromise on this oleomargarine legislation. The reasons are simple. They have been pointed out many times by the cooperative milk producers of our country. Here are five very important reasons why these taxes are needed to protect the American farmer:

First. No enforcement of oleo regulations can be effective without the taxation powers which have been enacted by the Congress.

Second. To enforce this legislation the tax upon yellow oleomargarine must be high enough to differentiate it from the uncolored product.

Third. Existing legislation enacted in 1902 has minimized and will continue to minimize the sale of yellow oleomargarine sold as butter.

Fourth. The occupational tax paid by handlers of oleomargarine may be large or small, or be collected annually or on a perpetual basis. But it is essential as the basis of enforcing penalties for violations under the Federal act.

Fifth. No Federal law prohibiting the sale of yellow oleomargarine would be effective because such a law could not reach within State borders unless it were enforced by a Federal tax.

Mr. RIVERS. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. SABATH].

REPEAL LONG SOUGHT

Mr. SABATH. Mr. Chairman, when the original resolution was before the

House, I stated that years ago I advocated the repeal of this oleomargarine tax on the poor who could not afford to buy butter. I could not, however, at that time give the dates I introduced the bills, and some of the younger Members thought I made this statement for the purpose of getting a little credit. Just by chance I happened to locate the two bills that I introduced on the subject. For the benefit of those Members—because the older Members know I never say anything unless I can substantiate it—I wish to state that on April 23, 1910, I introduced H. R. 24881, a bill to eliminate the tax on butterine, and to regulate and provide supervision over the oleomargarine manufacturers. It was not for the sole purpose of reducing the tax, because I had no more interest in the butterine manufacturers, who were to be benefited, than I had for the farm bloc and the combination that brought about the adoption of the unfair, unjustifiable, and unwarranted oleomargarine tax.

Mr. Chairman, I ask unanimous consent that I may embody the bill in my remarks, because it was a very constructive bill and drafted with great care. I was a younger man then and could devote more time to preparing and drafting bills than time permits me to do now.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. SABATH. I was unable to obtain favorable action on the bill that year. However, 2 years later, on January 20, 1912, I introduced another bill, H. R. 18427, to eliminate the tax on butterine and oleomargarine and also providing for stringent regulations on the manufacturers of this product so that the poor people would be able to obtain a wholesome butterine at prices they could afford to pay. Of course, that was 36 years ago, and many of you naturally do not recall that proposed legislation. Under the leave given me, I shall also include this bill in my remarks.

ONE-DOLLAR-A-POUND BUTTER AROUSED HOUSEWIVES

Many repeal bills have been introduced since, but because of conditions and the two world wars we were unsuccessful in obtaining the passage of any of them. However, when butter finally reached the price of a dollar a pound last year, housewives became so aroused that we finally succeeded in getting 218 signatures to the discharge petition to eliminate the tax on oleomargarine. Personally, I feel that we should not eliminate the regulations governing the manufacture of oleomargarine.

LOBBY CHARGE

During the debate I heard many gentlemen on the Republican side charge that the signing of the discharge petition was brought about by the propaganda and activities of a powerful lobby. I agree that the people have been aroused and that there is a great general demand for the passage of this legislation. Although I have always criticized and opposed lobbies, I realize and recognize

that there are exceptions to every rule. This is why I have never attacked or assailed the lobbies who are working in the interest of the people; and I hope that in the future the people will wake up and take an interest in legislation for their benefit that sometimes reaches the floor.

This type of lobby, as I stated, is working for the good of the people and is not a lobby of the vested interests who are here day in and day out urging, advocating, and influencing legislation for their own selfish avaricious gains.

STATES MUST REPEAL TAX

I realize that there are some States, including my own State of Illinois, where the dairy interests have been able, through their influential lobbies in Springfield, to pass legislation taxing and restricting the sale of oleomargarine, but I am hopeful that the good people of Illinois will this time elect a Democratic governor who will bring about the repeal of this unfair tax against those who, as I said before, cannot pay a dollar a pound for butter and therefore are obliged to buy a substitute.

PROTECTION FOR CONSUMERS

Mr. Chairman, notwithstanding that I favor the repeal of the oleomargarine tax, I am also in favor of protecting the American people from being imposed upon. Consequently, I shall vote for the amendment to be offered by the gentleman from Texas [Mr. COMBS], which amendment is similar or in substance the same as one of the provisions contained in each of the bills which I introduced in 1910 and 1912 which proposed to protect consumers in their purchases and users in being served oleomargarine instead of butter.

As to the manufacturers raising the price on oleomargarine, no doubt that will be their aim, because the biggest manufacturers are the packers and two or three other industries not connected with the packing interests. But I warn them that if they try to raise the price of oleomargarine, if this legislation is finally enacted into law, I shall immediately demand an investigation of the unwarranted increase or high prices of their many byproducts.

Yes; we have joined with the southern gentlemen because they have shown an inclination to legislate in the right direction and I hope that this is the beginning and that we can cooperate in the future in the interest of the people and the consumers. However, if these southern gentlemen fail they cannot expect the gentlemen of the North to cooperate and aid them in the future.

Mr. Chairman, I shall reintroduce the bill, H. R. 18427, which I introduced 36 years ago, which carries constructive provisions that will properly regulate the manufacture and sale of oleomargarine and provide protection to the consumers. I hope that in the future the dairies that have been making tremendous profits from the manufacture and sale of butter will also be regulated and that the people will be able to get a cheaper substitute in the form of oleomargarine.

In conclusion, I insert the bills which I introduced in 1910 and 1912 on the subject of this legislation, as follows:

H. R. 24881

(In the House of Representatives, April 23, 1910, Mr. SABATH introduced the following bill; which was referred to the Committee on Agriculture and ordered to be printed)

A bill to change the name of oleomargarine to butterine and to change the rate of tax on butterine and renovated butter; to protect the consumers, dealers, and manufacturers of all kinds of cream butter, butterine, and renovated butter against fraud; and to afford the Bureau of Internal Revenue more efficient means for the detection of fraud and the collection of revenue

Be it enacted, etc., That every manufacturer or producer or wholesale dealer in materials and ingredients, as provided for in section 2 of this act, engaged in trade or commerce in the District of Columbia, or in any Territory of the United States, or between any Territory and another, or between any Territory or Territories and any State or States or the District of Columbia, or with foreign nations, or between the District of Columbia and any State or States or foreign nations, shall be liable to the provisions of this act.

Sec. 2. That for the purposes of this act certain manufactured substances, certain extracts, and certain mixtures with cream butter or with milk, heretofore known as "oleomargarine," "oleo," "oleomargarine oil," "butterine," "lardine," "suine and neutral," "lard extracts," "tallow extracts," "tallow," "beef fat," "suet," "lard," "lard oil," "vegetable oil," "intestinal fat," and "offal fat," including all compounds or mixtures of what heretofore has been known as "oleomargarine," "oleo," "oleomargarine oil," "butterine," "lardine," "suine and neutral," "lard extracts," "tallow extracts," "tallow," "beef fat," "suet," "lard," "lard oil," "vegetable oil," "intestinal fat," and "offal fat," with or without coloring matter, made in imitation or semblance of cream butter, or whether so made or not, if sold or offered for sale or intended to be sold or offered for sale as cream butter or as a substitute for cream butter, shall be known and designated as "butterine."

Sec. 3. That for the purposes of this act the words "cream butter" shall be understood to mean the food product usually known as cream butter and which is made exclusively from milk, cream, or both, with or without common salt, and with or without additional coloring matter, chemical or other, and does not contain more than 16 percent of moisture.

Sec. 4. That "renovated butter" is hereby defined to mean cream butter which has been subjected to any process by which it is melted, clarified, or refined, and made to resemble genuine and fresh cream butter, as defined by this act.

Sec. 5. That "renovated butter" is hereby defined to mean a grade of butter produced by mixing, reworking, rechurning in milk or cream, refining, or in any way producing a uniform, purified, or improved product from different lots or parcels of melted and unmelted butter or butterfat, in which any acid, alkali, chemical, or any substance of whatsoever nature is introduced or used for the purpose or with the effect of deodorizing or removing therefrom rancidity, or any cream butter or butterfat with which there is mixed any substance foreign to cream butter as herein defined, with intent or effect of cheapening in cost the product of any butter in the manufacture or manipulation of which any process or material is used with intent or effect of causing the absorption of abnormal quantities of water, milk, or cream.

SEC. 6. That special taxes are imposed as follows:

Manufacturers of cream butter, butterine, and renovated butter shall pay \$50 per annum: *Provided*, That all persons who make cream butter only from the milk of cows pastured upon land owned or rented and farmed by them shall be exempt from the provisions of this act. Whoever manufactures cream butter, butterine, or renovated butter for sale shall be deemed a manufacturer of cream butter, butterine, or renovated butter.

Wholesale dealers in cream butter, butterine, or renovated butter shall pay \$25 per annum. Whoever sells or offers for sale cream butter, butterine, or renovated butter in the original manufacturers' packages, or in quantities of more than 10 pounds at one time, shall be deemed a wholesale dealer in cream butter, butterine, or renovated butter. But any manufacturer of cream butter, butterine, or renovated butter, who has given the required bond and paid the required special tax and who sells only cream butter, butterine, or renovated butter of his own production, at the place of manufacture, in the original package to which the tax-paid stamps are affixed, shall not be required to pay special tax as a wholesale dealer in cream butter, butterine, or renovated butter on account of such sales.

Retail dealers shall pay \$6 per annum. Whoever sells cream butter, butterine, or renovated butter in quantities not exceeding 10 pounds shall be regarded a retail dealer in cream butter, butterine, or renovated butter.

SEC. 7. That every manufacturer of cream butter, butterine, or renovated butter shall file with the collector of internal revenue for the district in which his manufactory is located such bonds, notices, and inventories, shall keep such books and render such returns in relation to his business, shall put up such signs and affix such number to his factory, and conduct his business as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may by regulations require.

Every manufacturer of cream butter, butterine, and renovated butter shall enter daily in a book, in such form as may be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, the quantity and quality of materials or ingredients used for the production of cream butter, butterine, and renovated butter, and number of packages and pounds of cream butter, butterine, and renovated butter sold or removed, and the name and place of business or residence of each person to whom sold or consigned. Every wholesale dealer in cream butter, butterine, and renovated butter shall enter, on the day when received, in a book, in such form as may be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, the number of packages and pounds of cream butter, butterine, and renovated butter received, and number of packages and pounds of cream butter, butterine, and renovated butter disposed of on the day when sold or removed, and the name and place of business or residence of each person, firm, or corporation to whom sold or consigned; but the bond required of such manufacturer shall be approved by the collector of internal revenue and be in a penal sum of not less than \$500, and shall be increased from time to time in proportion to the quantity of production or manufacture, and additional sureties required, at the discretion of the collector or under instructions of the Commissioner of Internal Revenue. And the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, is hereby authorized to detail, from the force now allowed by law, the necessary agents, deputies, or other officers for assignment at

the various manufactories where cream butter, butterine, and renovated butter are produced, and whose duty shall be the ascertainment of the quantity of materials and manufactured product, supervision over the affixing and cancellation of stamps, and the enforcement of the law and regulations made thereunder as the commissioner may from time to time direct.

SEC. 8. That all cream butter, butterine, and renovated butter shall be put up by manufacturers in their manufactories in bricks, prints, or rolls of one-half, 1, 2, 3, 4, 5, and 10 pounds, and in no larger or smaller subdivisions, which bricks, prints, or rolls shall be pressed by the manufacturer in the manufactory in a mold or form in such manner as to conspicuously indent the cream butter, butterine, or renovated butter to a depth of not less than one-eighth of 1 inch on the surface thereof, with the words "Cream butter," "Butterine," or "Renovated butter," respectively, in letters one-fourth of an inch square. Such bricks, prints, or rolls may be first wrapped or incased in thin paper, marked or branded as herein prescribed, and shall then be wrapped or incased in other wrappers with the words "Cream butter," "Butterine," or "Renovated butter" printed or branded thereon in block letters, which shall be three-fourths inch square, and such wrappers shall also bear the name of the manufacturer, together with the label required by this act; and these bricks, prints, or rolls shall then be packed by the manufacturer thereof in wooden or other packages, each containing not less than 10 pounds, which shall likewise be marked or branded as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe; and the internal-revenue stamp or stamps shall be so affixed to the one-half-, 1-, 2-, 3-, 4-, 5-, and 10-pound bricks, prints, or rolls as to seal the wrapper thereof so that such wrapper or coverings may not be opened without destroying the stamp affixed thereto; and all sales made by the manufacturers of cream butter, butterine, or renovated butter, and wholesale dealers in cream butter, butterine, and renovated butter shall be in the original manufacturers' packages of not less than 10 pounds: *Provided*, That cream butter, butterine, and renovated butter for export may be put up in tin or wooden packages of any style, shape, or material and containing any quantity up to and including 112 pounds.

Retail dealers in cream butter, butterine, and renovated butter shall sell only the manufacturers' one-half-, 1-, 2-, 3-, 4-, 5-, and 10-pound bricks, prints, or rolls, to which the tax-paid stamps are affixed, and in quantities not exceeding 10 pounds at one time. Whoever sells or offers for sale or delivers or offers to deliver any cream butter, butterine, or renovated butter in any other form than in the package above described, or who packs in any package any cream butter, butterine, or renovated butter in any manner contrary to law, or who sells or offers for sale as cream butter any butterine or renovated butter, or who falsely brands any package or affixes any stamp on any package denoting a less amount of tax than that required by law, shall be fined for each offense not more than \$200, or be imprisoned not more than 6 months, or both.

SEC. 9. That every manufacturer of cream butter, butterine, and renovated butter shall securely affix, by printing or by pasting on each stamped package containing cream butter, butterine, or renovated butter manufactured by him, a label, on which shall appear, besides the number of the manufactory and the district and State in which it is situated, these words:

"NOTICE.—That the manufacturer of the cream butter, butterine, or renovated butter herein has complied with all the requirements of the law."

Every manufacturer of cream butter, butterine, or renovated butter who neglects to provide such a label for any package containing cream butter, butterine, or renovated butter, made by him or sold or removed for sale by or for him, and every person who removes any such label from any such packages shall be fined \$50 for every package in respect to which such offense is committed.

SEC. 10. That upon cream butter, butterine, and renovated butter that shall be manufactured and sold or removed for consumption or use, there shall be assessed and collected a tax of one-fourth cent per pound, to be paid by the manufacturer thereof, and every fractional part of a pound in a package shall be taxed as a pound. The tax levied by this section shall be represented by suitable and special stamps denoting the weight and character of the article, and all the provisions of the existing laws governing engraving, issuing, sale, affixing, cancellation, accounting, effacement, and destruction of stamps provided for internal revenue are, so far as applicable, hereby made to apply to the stamps provided for by this act: *Provided*, That cream butter made by persons exempt from the provisions of this act, as hereinabove set forth, shall become subject to tax when it has become the property of dealers, and in that event such dealers shall affix the stamps thereon.

SEC. 11. That this act shall apply to all cream butter, butterine, and renovated butter imported from foreign countries, and the collector of internal revenue shall prescribe rules and regulations as to the manner of stamping, repacking, and withdrawing all of such imported cream butter, butterine, or renovated butter; and the owner or importer of such cream butter, butterine, or renovated butter shall be liable to all the penal provisions of this act prescribed for the manufacturers of cream butter, butterine, and renovated butter produced in the United States. Whenever it is necessary to take any cream butter, butterine, or renovated butter to any place other than the public stores of the United States for the purpose of affixing and canceling such stamps, the collector of customs of the port where such cream butter, butterine, or renovated butter is entered shall designate a bonded warehouse to which it shall be taken, under the control of such customs officer as such collector may direct; and every officer of customs who permits any such cream butter, butterine, or renovated butter to pass out of his custody or control without compliance by the owner or importer thereof with the provisions of this section relating thereto shall be fined not more than \$500 or be imprisoned not more than 6 months, or both. Whoever sells or offers for sale any imported cream butter, butterine, or renovated butter purporting or claimed to be imported, not put up in packages and stamped as provided by this act, shall be fined not more than \$500 or be imprisoned not more than 6 months, or both.

SEC. 12. That all packages of cream butter, butterine, and renovated butter, subject to tax under this act, which may be found without stamps or marks as hereby provided, shall be confiscated by the United States. Whoever willfully removes or defaces any of the stamps, marks, or brands on packages containing cream butter, butterine, or renovated butter taxed as provided herein, or reuses such stamps, shall for each such offense be fined not more than \$500 or be imprisoned not more than 6 months, or both.

SEC. 13. That cream butter, butterine, and renovated butter may be removed from the place of manufacture for export to a foreign country without payment of tax or affixing stamps thereto under such regulations and the filing of such bonds and other security as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe. Every person who

shall export cream butter, butterine, or renovated butter shall brand upon every package containing such article the words "Cream butter," "Butterine," or "Renovated butter," or their respective equivalent descriptive word in the language of the country to which exportation is to be made, in plain roman letters not less than one-half of an inch square: *Provided*, That cream butter, butterine, or renovated butter manufactured for export to any foreign country may be put up in rolls, prints, or solid, in packages of 10, 25, 40, 60, and 100 pounds each.

Sec. 14. That whenever any person engaged in the carrying on of the business of manufacturing cream butter, butterine, or renovated butter, defrauds or attempts to defraud the United States of the tax on the cream butter, butterine, or renovated butter, produced by him, or any part thereof, his manufactory shall be confiscated and all manufacturing apparatus used by him and all cream butter, butterine, or renovated butter and all other material for the production of cream butter, butterine, or renovated butter found in the factory and on the factory premises or owned by him, and shall be fined not more than \$1,000 or be imprisoned not more than 6 months, or both.

Sec. 15. That manufacturers of and wholesale dealers in cream butter, butterine, and renovated butter shall keep such books and render such returns in relation to the business conducted by them as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may by regulation require, and such books shall be open at all times to the inspection of any internal-revenue officer or agent. Whoever fails to keep such books or render such returns in relation to the business as required by the regulations of the Commissioner of Internal Revenue, approved by the Secretary of the Treasury, or makes a false entry in such books or returns, shall, for each offense, be fined not more than \$500 or be imprisoned not more than 6 months, or both.

Sec. 16. That the provision of existing laws relating to internal revenue, so far as applicable, are hereby made to extend to and include and apply to the taxes imposed by this act, and to substances upon which and the persons upon whom they are imposed. The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may make all needful regulations for carrying into effect the provisions of this act.

Sec. 17. That the act of Aug. 2, 1886 (24 Stat. L., p. 209), and the act of Oct. 1, 1890 (26 Stat. L., p. 621), and the act of May 9, 1902 (32 Stat. L., p. 194), be, and the same hereby are, repealed.

Sec. 18. That this act shall take effect upon the 1st day of December 1910.

H. R. 18427

(In the House of Representatives, Jan. 20, 1912, Mr. SAVATH introduced the following bill; which was referred to the Committee on Agriculture and ordered to be printed)

A bill to change the name of oleomargarine to butterine, and to change the rate of tax on butterine and renovated butter; to protect the consumers, dealers, and manufacturers of all kinds of butterine and renovated butter against fraud; and to afford the Bureau of Internal Revenue more efficient means for the detection of fraud and the collection of the revenue

Be it enacted, etc., That every manufacturer or producer or wholesale dealer in materials and ingredients, as provided for in section 2 of this act, engaged in trade or commerce in the District of Columbia, or in any Territory of the United States, or between any Territory and another, or between any Territory or Territories and any State or States or the District of Columbia, or with foreign nations, or between the District of Columbia and any State or States or

foreign nations, shall be liable to the provisions of this act.

Sec. 2. That for the purposes of this act certain manufactured substances, certain extracts, and certain mixtures with cream butter or with milk, heretofore known as "oleomargarine," "oleo," "oleomargarine oil," "butterine," "lardine," "suine and neutral," "lard extracts," "tallow extracts," "tallow," "beef fat," "suet," "lard," "lard oil," "vegetable oil," "intestinal fat," and "offal fat," including all compounds or mixtures of what heretofore has been known as "oleomargarine," "oleo," "oleomargarine oil," "butterine," "lardine," "suine and neutral," "lard extracts," "tallow extracts," "tallow," "beef fat," "suet," "lard," "lard oil," "vegetable oil," "intestinal fat," and "offal fat," with or without coloring matter, made in imitation or semblance of cream butter, or whether so made or not, if offered for sale or intended to be sold or offered for sale as a substitute for cream butter, shall be known and designated as "butterine."

Sec. 3. That "renovated butter" is hereby defined to mean cream butter which has been subjected to any process by which it is melted, clarified, or refined, and made to resemble genuine and fresh cream butter, or a grade of butter produced by mixing, reworking, re-churning in milk or cream, refining, or in any way producing a uniform, purified, or improved product from different lots or parcels of melted and unmelted butter or butterfat, in which any acid, alkali, chemical, or any substance of whatsoever nature is introduced or used for the purpose or with the effect of deodorizing or removing therefrom rancidity, or any cream butter or butterfat with which there is mixed any substance foreign to cream butter as herein defined, with intent or effect of cheapening in cost the product of any butter in the manufacture or manipulation of which any process or material is used with intent or effect of causing the absorption of abnormal quantities of water, milk, or cream.

Sec. 4. That special taxes are imposed as follows:

Manufacturers of butterine and renovated butter shall pay \$100 per annum, and whoever manufactures butterine or renovated butter for sale shall be deemed a manufacturer of butterine or renovated butter.

Wholesale dealers in butterine or renovated butter shall pay \$25 per annum. Whoever sells or offers for sale butterine or renovated butter in the original manufacturers' packages, or in quantities of more than 25 pounds at one time, shall be deemed a wholesale dealer in butterine or renovated butter. But any manufacturer of butterine or renovated butter, who has given the required bond and paid the required special tax and who sells only butterine or renovated butter of his own production, at the place of manufacture, in the original package to which the tax-paid stamps are affixed, shall not be required to pay special tax as a wholesale dealer in butterine or renovated butter on account of such sales.

Retail dealers shall pay \$6 per annum. Whoever sells butterine or renovated butter in quantities not exceeding 25 pounds shall be regarded a retail dealer in butterine or renovated butter.

Sec. 5. That every manufacturer of butterine or renovated butter shall file with the collector of internal revenue for the district in which his manufactory is located such bonds, notices, and inventories, shall keep such books and render such returns in relation to his business, shall put up such signs and affix such number to his factory, and conduct his business as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may by regulations require.

Every manufacturer of butterine and renovated butter shall enter daily in a book, in such form as may be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury,

the quantity and quality of materials or ingredients used for the production of butterine and renovated butter, and number of packages and pounds of butterine and renovated butter sold or removed, and the name and place of business or residence of each person to whom sold or consigned. Every wholesale dealer in butterine and renovated butter shall enter, on the day when received, in a book, in such form as may be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, the number of packages and pounds of butterine and renovated butter received, and number of packages and pounds of butterine and renovated butter disposed of on the day when sold or removed, and the name and place of business or residence of each person, firm, or corporation to whom sold or consigned; but the bond required of such manufacturer shall be approved by the collector of internal revenue and be in a penal sum of not less than \$1,000, and shall be increased from time to time in proportion to the quantity of production or manufacture, and additional sureties required, at the discretion of the collector or under instructions of the Commissioner of Internal Revenue. And the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, is hereby authorized to detail, from the force now allowed by law, the necessary agents, deputies, or other officers for assignment at the various manufactories where butterine and renovated butter are produced, and whose duty shall be the ascertainment of the quantity of materials and manufactured product, supervision over the affixing and cancellation of stamps, and the enforcement of the law and regulations made thereunder as the Commissioner may from time to time direct.

Sec. 6. That all butterine and renovated butter shall be put up by manufacturers in their manufactories in bricks, prints, or rolls of one-half, 1, 2, 3, 4, 5, and 10 pounds, and in no larger or smaller subdivisions, which bricks, prints, or rolls shall be pressed by the manufacturer in the manufactory in a mold or form in such manner as to conspicuously indent the butterine or renovated butter to a depth of not less than one-eighth of 1 inch, on the surface thereof, with the words "Butterine" or "Renovated butter," respectively, in letters one-fourth of an inch square. Such bricks, prints, or rolls may be first wrapped or incased in thin paper, marked or branded as herein prescribed, and shall then be wrapped or incased in other wrappers with the words "Butterine" or "Renovated butter" printed or branded thereon in block letters, which shall be three-fourths inch square, and such wrappers shall also bear the name of the manufacturer, together with the label required by this act; and these bricks, prints, or rolls shall then be packed by the manufacturer thereof in wooden or other packages, each containing not less than 10 pounds, which shall likewise be marked or branded as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe; and the internal-revenue stamp or stamps shall be so affixed to the one-half, 1, 2, 3, 4, 5, and 10 pound bricks, prints, or rolls as to seal the wrapper thereof so that such wrappers or coverings may not be opened without destroying the stamp affixed thereto; and all sales made by the manufacturers of butterine or renovated butter, and wholesale dealers in butterine and renovated butter shall be in the original manufacturers' packages of not less than 10 pounds: *Provided*, That butterine and renovated butter for export may be put up in tin or wooden packages of any style, shape, or material and containing any quantity up to and including 112 pounds.

Retail dealers in butterine and renovated butter shall sell only the manufacturers' one-half, 1-, 2-, 3-, 4-, 5-, and 10-pound bricks, pints, or rolls, to which the tax-paid

stamps are affixed, and in quantities not exceeding 10 pounds at one time. Whoever sells or offers for sale or delivers or offers to deliver any butterine or renovated butter in any other form than in the package above described, or who packs in any package any butterine or renovated butter in any manner contrary to law, or who falsely brands any package or affixes any stamp on any package denoting a less amount of tax than that required by law, shall be fined for each offense not more than \$200, or be imprisoned not more than 6 months, or both.

SEC. 7. That every manufacturer of butterine and renovated butter shall securely affix, by printing or by pasting on each stamped package containing butterine or renovated butter manufactured by him, a label, on which shall appear, besides the number of the manufactory and the district and State in which it is situated, these words: "NOTICE.—That the manufacturer of the butterine or renovated butter herein has complied with all the requirements of the law."

Every manufacturer of butterine or renovated butter who neglects to provide such a label for any package containing butterine or renovated butter, made by him or sold or removed for sale by or for him, and every person who removes any such label from any such packages shall be fined \$50 for every package in respect to which such offense is committed.

SEC. 8. That upon butterine and renovated butter that shall be manufactured and sold or removed for consumption or use there shall be assessed and collected a tax of 1 cent per pound, to be paid by the manufacturer thereof, and every fractional part of a pound in a package shall be taxed as a pound. The tax levied by this section shall be represented by suitable and special stamps denoting the weight and character of the article, and all the provisions of the existing laws governing engraving, issuing, sale, affixing, cancellation, accounting, effacement, and destruction of stamps provided for internal revenue are, so far as applicable, hereby made to apply to the stamps provided for by this act.

SEC. 9. That this act shall apply to all butterine and renovated butter imported from foreign countries, and the Commissioner of Internal Revenue shall prescribe rules and regulations as to the manner of stamping, repacking, and withdrawing all of such imported butterine or renovated butter; and the owner or importer of such butterine or renovated butter shall be liable to all the penal provisions of this act prescribed for the manufacturers of butterine and renovated butter produced in the United States. Whenever it is necessary to take any butterine or renovated butter to any place other than the public stores of the United States for the purpose of affixing and canceling such stamps, the collector of customs of the port where such butterine or renovated butter is entered shall designate a bonded warehouse to which it shall be taken, under the control of such customs officer as such collector may direct; and every officer of customs who permits any such butterine or renovated butter to pass out of his custody or control without compliance by the owner or importer thereof with the provisions of this section relating thereto shall be fined not more than \$2,000 or be imprisoned not more than 3 years, or both. Whoever sells or offers for sale any imported butterine, or renovated butter purporting or claimed to be imported, not put up in packages and stamped as provided by this act, shall be fined not more than \$2,000 or be imprisoned not more than 2 years, or both.

SEC. 10. That all packages of butterine and renovated butter subject to tax under this act, which may be found without stamps or marks as hereby provided, shall be confiscated by the United States. Whoever willfully removes or defaces any of the stamps, marks,

or brands on packages containing butterine or renovated butter taxed as provided herein, or reuses such stamps, shall for each such offense be fined not more than \$500 or be imprisoned not more than 6 months, or both.

SEC. 11. That butterine and renovated butter may be removed from the place of manufacture for export to a foreign country without payment of tax or affixing stamps thereto under such regulations and the filing of such bonds and other security as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe. Every person who shall export butterine or renovated butter shall brand upon every package containing such article the words "Butterine," or "Renovated butter," or their respective equivalent descriptive word in the language of the country to which exportation is to be made, in plain roman letters not less than one-half of an inch square: *Provided*, That butterine or renovated butter manufactured for export to any foreign country may be put up in rolls, prints, or solid, in packages of 10, 25, 40, 60, and 100 pounds each.

SEC. 12. That whenever any person engaged in the carrying on of the business of manufacturing butterine or renovated butter, defrauds or attempts to defraud the United States of the tax on the butterine or renovated butter produced by him, or any part thereof, his manufactory shall be confiscated and all manufacturing apparatus used by him and all butterine or renovated butter and all other material for the production of butterine or renovated butter found in the factory and on the factory premises or owned by him, and shall be fined not more than \$1,000 or be imprisoned not more than 6 months, or both.

SEC. 13. That manufacturers of and wholesale dealers in butterine and renovated butter shall keep such books and render such returns in relation to the business conducted by them as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may by regulation require, and such books shall be open at all times to the inspection of any internal revenue officer or agent. Whoever fails to keep such books or render such returns in relation to the business as required by the regulations of the Commissioner of Internal Revenue, approved by the Secretary of the Treasury, or makes a false entry in such books or returns, shall, for each offense, be fined not more than \$1,000 or be imprisoned not more than 2 years, or both.

SEC. 14. That the provision of existing laws relating to internal revenue, so far as applicable, are hereby made to extend to and include and apply to the taxes imposed by this act, and to substances upon which and the persons upon whom they are imposed. The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may make all needful regulations for carrying into effect the provisions of this act.

SEC. 15. That the act of August 2, 1886 (24 Stat. L., p. 209), and the act of October 1, 1890 (26 Stat. L., p. 621), and the act of May 9, 1902 (32 Stat. L., p. 194), be, and the same hereby are, repealed.

SEC. 16. That this act shall take effect upon the 1st day of December 1912.

THE CHAIRMAN. The time of the gentleman from Illinois has expired.

MR. AUGUST H. ANDRESEN. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois [MR. MASON].

MR. MASON. Mr. Chairman, I am not interested in improving the looks of my southern friends. They look pretty good to me, by and large. I am not even interested in lifting the level of intelligence of my southern friends because they average up pretty well with the level of intelligence of the people of the Nation as a whole. I am not interested in im-

proving the American attitude of my southern friends because I like their attitude on American questions.

But this oleomargarine question has been a tug of war between the cotton States and the dairy States for 10 these many years and it has been an even tug of war and a friendly tug of war. Of late years, however, the soybean interests have come into the picture and made it a little bit more uneven as a tug of war. Of course, when a tug of war is a little more uneven it gets a little bit hotter and we get a little bit peeved sometimes.

Well, I am not even peeved, but I do know this, that regardless of the repeal of this tax, all the poor people in Chicago that the gentleman from Chicago spoke about will not be benefited by its repeal, because the State of Illinois has a State law which says that you cannot manufacture nor you cannot even sell colored oleomargarine in Illinois. So the repeal of this tax will not help those people at all.

Now then, I have had letters, telegrams, and petitions sent to me asking me to support the repeal of this tax, and I have answered every single one of them by saying, "You are starting at the wrong end. You get the Illinois State law repealed forbidding the manufacture and sale of colored oleomargarine; and then I can consider removing the Federal tax, but until you do that the repeal of this tax will not help you." I understand there are some 23 States that have such laws. So, if this tug of war is going to get severe, I may have to part company from my southern friends on many of their pet programs that I have supported, if they insist upon this measure.

THE CHAIRMAN. The time of the gentleman from Illinois has expired.

MR. RIVERS. Mr. Chairman, I yield 4 minutes to the gentleman from Arkansas [MR. HAYS].

MR. HAYS. Mr. Chairman, I admire the vigorous fight that the dairy State representatives have made to defeat this bill. I think, however, they would agree that it is utterly impossible for a group having economic interests to take an objective view on a question of this kind and that would apply to us all. Without any feeling I want to comment on what the gentleman from Illinois [MR. MASON] has said, implying a threat against the cotton producers of the South.

I began to take an interest in this fight in 1937 when Oscar Johnston called a meeting to consider the handicap that the producers of oleomargarine were under by reason of these artificial restrictions. We began that fight in 1937, and for years we pursued it. We got exactly nowhere. I supported it vigorously because, believe me, I thought it was right. And finally, as this fight has come to a successful fruition, it is apparent that it is because it is fundamentally right, and not just because cotton-seed interests are behind it. Now, if the gentleman has retaliation in mind, then he must punish the consumers because until this became something more than a producers' fight no progress toward repeal was made. I hope that we can have an atmosphere of understanding and good will instead of one of bitter differences.

An important economic development is taking place. The dairy industry is growing in the South, and you of the dairy section are going to have a new group on your side. That explains the vote of my good friend, the gentleman from Tennessee, JOE EVINS, and perhaps of others who have voted with you. There is a growing dairy industry in many parts of the South, and I am interested in it, not only because of the economic aspects which will strengthen us but for social implications, which are also valuable. There are 175,000 sturdy dairy farmers in Wisconsin alone. They are Republicans, most of them, I assume, and, while we do not vote alike, I appreciate their contribution to the preservation of a rural culture that I think is vital to this Nation.

Mr. MURRAY of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Wisconsin.

Mr. MURRAY of Wisconsin. I want the record to show that Mr. Johnston is a big cotton farmer, and no doubt he has had thousands upon hundreds of thousands of dollars out of the United States Treasury. He is promoting a system of agriculture in America based on large landholdings, where the renter works somebody else's land. In this Wisconsin, of which the gentleman speaks, we have an agricultural economy based on the fact that a man that lives on a piece of land can live as an American and educate his children as Americans, and live as an American is supposed to live.

Mr. HAYS. With that I agree, although, of course, there is not time to treat the question the gentleman has raised of the problems of large and small holdings. I think the gentleman knows where I stand on that question. I am a friend of the small farmer. I think there is room enough in American agriculture for the big farmer, too. We have some differences we must iron out. Would the gentleman agree with me that the development of the dairy industry in the South is a wholesome development from the standpoint of American agriculture?

Mr. MURRAY of Wisconsin. There is no doubt about it. My predecessor did not want you to have any cows down South, but no one has ever heard me try to keep you from having them.

Mr. HAYS. The gentleman has been generous and fair at all times.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I yield such time as he may desire to the gentleman from Missouri [Mr. ARNOLD].

Mr. ARNOLD. Mr. Chairman, something over a month ago your Committee on Agriculture heard testimony relating to some 17 bills, all designed to repeal or reduce the Federal tax on the manufacture of colored oleomargarine, a commercial substitute for butter, which has vegetable oil as its principal ingredient.

These hearings were conducted in the traditional manner of standing committees of the House of Representatives. The members of that committee have been selected by the House in order that we, a small group, should be the experts for the House on matters affecting agriculture. Perhaps all of us are not the experts we should be on agriculture.

I should like to point out, however, that throughout my service on that committee we have always attempted to work out our problems in an unimpassioned and unbiased manner. The record of the committee, both under the chairmanship of the gentleman from Virginia and the gentleman from Kansas indicates we have been as successful in maintaining this professional, rather than emotional or political, attitude as any committee of Congress.

Mr. Chairman, I mention the qualifications of this committee, not to boast or brag, but to point out that the decision to place this oleomargarine question before a subcommittee for thorough and considered study was based on our professional attitude, rather than the influence of highly colored arguments from either the butter or the margarine lobby.

Unfortunately the emotional arguments—the argument of lower prices, which are ephemeral at best—seem to have been more powerful to 217 of our colleagues than the sober decisions of your committee on agriculture. I use the figure "217" because one of the signers of the discharge petition, the late distinguished gentleman from Missouri, has since passed away.

Why did we of the Agriculture Committee believe that there should be more study? Principally because we felt that an honest effort should be made to sift emotion from fact, and then to determine what effect, if any, continuation or repeal of these taxes would have on the whole agriculture picture.

Let us consider the chief promargarine argument of lower prices. Let us assume for the moment that what proponents of repeal legislation claim—that lower prices for margarine will result in lower prices for butter—is correct.

Obviously if repeal of this tax on margarine brings the price of butter down to that of its substitute, there will no longer be much butter made. It will mean the gradual diminution of our dairy herds in many parts of the country. Normally I would say to any industry, agricultural or otherwise, if you can't keep pace it's just too bad. But we have to have a dairy industry. Even today the dairy industry is called upon for top production to meet our domestic and foreign requirements. I am not telling you that repeal will mean the end of the dairy industry, but there is no question, if you accept the promargarine arguments, that it would be curtailed and curtailed sharply. The average 1942-44 dairy-cow population in my district was 143,100 milkers. Areas of higher cost of production might in time be entirely without dairy herds. That would mean the concentration of the dairy industry in the Middle West, perhaps. It would be a move away from the goal of having every section of our Nation as nearly self-sufficient as possible.

That is a facet of this problem which needs further study.

I do not think, however, that lower prices for margarine would mean correspondingly lower prices for butter. Margarine is a substitute for butter. It currently sells for about half the price of butter. Colored margarine, packaged in the same manner as creamery butter,

costs but a few cents more than uncolored margarine. The difference in price probably is worth that much to a housewife who does not wish to go to the trouble of coloring margarine. The price of butter, on the other hand, is determined by cost of production, not on the basis of competition with its substitute. Changing this law will not reduce the cost of production. It is true that the unfortunate coincidence of the increase in butter at Chicago markets when the committee decided to refer this legislation for further study lent weight to this argument, but, at best, that situation was only a coincidence, and there is, of course, the rumor that margarine interests deliberately went in to that market to drive the price upward. I do not accept that rumor as fact, in the absence of an investigation, but it is something which could have happened.

Assume once again, Mr. Chairman, that repeal of this legislation will reduce the price of butter to such a point that it will no longer be feasible to make it; that margarine becomes the accepted spread for bread. Thus, we are tearing down one vital industry and giving prosperity to cotton and peanut growers. Cotton is an important crop. But margarine from cottonseed oil is but a by-product and not the principal reason for growing cotton. Moreover, the encouragement of planting more cotton in the South will again seriously dislocate our agriculture. Cotton, as we all know, is rough on soil. Its constant growth poses serious erosion problems. Southern farm land has in many areas been drained of its vitality by constant cotton crops. Within the past 10 years or so, however, great strides have been taken to rehabilitate southern cotton land. A plant-kudzu—has been developed which in a few years will rebuild soil, and while it is growing it holds the soil in place, prevents its washing down gullies and rivers. Farmers, however, whether in the South or the North, cannot be asked to grow a crop which has no specific economic value. Kudzu cannot be eaten. But it is a fine cattle feed; cattle who are turned out to graze produce more and richer milk. Hence, in the South dairy farming has been increasing in recent years. I cannot understand why my southern colleagues are in here today asking us to repeal these taxes on the grounds that it will further increase their cotton growing, which, in turn, is going to completely ruin the soils of their homelands, and, at the same time, hinting that repeal will retard and perhaps ruin an industry which is the one thing so far known that will permit rehabilitation of the land without impoverishing their farmers and depleting the Federal Treasury.

This question, Mr. Chairman, has many ramifications. It is oversimplification to say we must do this in order to strike a blow for the consumer. We must think of the consumers of tomorrow and the farming of tomorrow. Before we act hastily and emotionally, we must find the answer to all these long-range problems.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I yield such time as he may

desire to the gentleman from Michigan [Mr. MICHENER].

Mr. MICHENER. Mr. Chairman, two groups are primarily interested in this butter-oleomargarine controversy. Human nature being what it is, each group can be accused of being selfish. The farmers and the dairymen, who have always produced the butter of the Nation, feel that they have priority rights in this field and should be permitted to continue in the future as they have in the past. On the other hand, the manufacturers of oleomargarine want to increase their market and produce more of their product for the express purpose of increasing their dividends. Now I do not criticize either industry because both are just like all the rest of the people—they want to make money.

This is a fight between the ins and the outs. The American people have learned through experience the value of dairy products, especially butter, in the household diet. From childhood we have all been told that milk is not only nourishing but essential if the children are to grow and develop physically. We have been educated and know from experience that butter is nutritious, and the family doctor has convinced us that both butter and milk should be a part of the family daily diet. Vitamin pills are helpful, but they do not take the place of milk.

Now the trouble comes because originally oleomargarine did not contain the vitamins and health-giving qualities possessed by butter. It was an entirely different mixture than it is today. The scientists and the chemists have mixed ingredients a little different here, and done a little bleaching there, and inserted some vitamins somewhere else along the line, and as a result claim that they have a synthetic product almost equaling butter in nutrition value. One of the big troubles, however, is that while this substitute may contain the vitamins and the calories, yet it naturally is of a dirty gray color unless it is bleached white. Then if it is bleached white, it does not fulfill its purpose as a visual substitute because it does not look like butter; therefore, the manufacturers of oleomargarine want all restrictive laws removed giving them carte blanche authority to make oleomargarine look like butter, taste like butter, and smell like butter, to such an extent that the consumer cannot tell the difference between real butter and this concocted mixture called oleomargarine. In short, this whole fight boils down to the one word "color."

Years ago when the manufacturers of oleomargarine were attempting to perfect a mixture that would resemble butter, even though it did not possess the health-giving qualities of butter, the Congress and the State legislatures, in an endeavor to protect the consumer and the public against fraud and deception, placed certain limitations on the sale of oleomargarine. The purpose was to make sure that the housewife and the consumer knew the difference between butter and this substitute. These protective laws took different forms. In some cases public eating places were compelled to post signs in conspicuous places advising the people that oleomar-

garine was being served instead of butter. In other instances public institutions, like hospitals, orphanages, sanitariums, homes for the aged and the blind, as well as all public-supported institutions, were prohibited from feeding the sick, the children, and the incarcerated oleomargarine in place of butter. These public institutions were so protected on the theory that oleomargarine was not as wholesome as butter.

Indeed, Mr. Chairman, in 23 States the legislatures have enacted laws making it absolutely unlawful to manufacture or sell oleomargarine colored yellow to imitate butter. At this hour it is unlawful to either manufacture or sell oleomargarine colored yellow in 21 of the States. As I am informed, in many of the remainder of the 48 States there are some State laws restricting or controlling the sale of oleomargarine. Now this did not happen overnight. These laws are the fruition of the deliberate judgment of the representatives of the people in these several States. They are time-tested and it has been, and is, within the power of every State to remove these limitations and restrictions if the people in the States so desire.

This debate has made it clear that Members coming from cotton and vegetable oil producing States want to remove all legislation that interferes with the use of their products to the fullest extent. On the other hand, those Members representing large dairy producing districts are just as interested in maintaining a market for the products of their farms. Then the consumer has a stake in the controversy between these two economically interested groups.

Now it is self-evident that if a pound of cottonseed oil from the cotton-producing States or a pound of coconut oil imported into this country is permitted to be placed on the market so that the purchaser cannot tell the difference between a pound of butter and a pound of oleo, somebody is going to be deceived. Is this fair competition? If oleo is in all respects the equal of butter, why should it not stand on its own merits? Why should it be doctored and colored in imitation of real butter?

In my experience in Washington I have never witnessed a better financed and more efficient lobby than that operating in the last few months on the part of oleo manufacturers. I am not criticizing this lobby because it has been efficient and, so far as I know, it has been entirely honorable. It is out to sell its wares and it has done a good job of salesmanship. The radio, the magazines, and the press have all been effectively used under the direction and leadership of one of the outstanding advertising agencies of the country. The strategy of this advertising firm has been to have the housewife appear as the front for the oleo manufacturers. The hearings before the Committee on Agriculture make this clear beyond all doubt. Again I am not criticizing, but we must recognize the facts as they are, and realize where the steam and the pressure for this legislation are generated.

It has been suggested here that the dairy farmers should start an advertising campaign similar to that conducted by

Coca-Cola and induce the people to consume more milk and thereby give the vegetable-oil and the coconut-oil producers the butter market. Some of these people forget that you cannot make people drink twice as much milk. Most farmers producing butterfat for butter are not located near consuming populations. Cows produce twice as much milk in May and June as they produce in November and December, but human beings cannot consume in the same proportion. There must be some way of preserving the surplus milk in May and June if there is to be enough fluid milk in November and December.

Mr. Chairman, in my home city there is located the Michigan Milk Producers Co., which maintains a creamery. In order that there may be adequate fluid milk for the people of Detroit and other large consuming centers in the area, there is a surplus of this fluid milk in May and June, and it is manufactured into butter. If this were not possible, the fluid milk would cost the consumer much more money. This song and dance of the oleo manufacturers just does not make sense from a practical standpoint.

Mr. Chairman, there is room and a place in our economy for the cottonseed-oil industry, the vegetable-oil industry, and the dairy industry. None of these should be deliberately and knowingly killed economically or otherwise. To some extent they are interdependent. For instance, in 1946 the cotton farmers received \$21,000,000 from oleomargarine manufacturers for cottonseed oil, but during the same year the same farmers received \$31,000,000 from dairy farmers who fed cottonseed meal to their cattle; also soybean growers received \$23,000,000 from oleo manufacturers, while they received \$55,000,000 for soybean products fed to dairy cattle. Again you must not forget that the dairy industry furnishes 40 percent of the beef meat supply of the country.

Many small farmers especially cannot continue with their farm projects without the monthly milk, cream, or butter check.

I wish some of our cotton friends, together with some of our big-city friends, could drive with me through the agricultural part of the congressional district which I have the honor to represent here. Wherever there is a dairy operated continuously, there is little soil depletion. The fertility of the cotton South in many sections is largely gone, and the Congress is appropriating money each year for soil conservation. In the dairy sections the conditions are not comparable.

The farmer, regardless of his specialty, has been comparatively prosperous in recent years. This has been war prosperity caused to some degree by Government spending. We all know that these conditions cannot continue. If disaster is to be avoided, agriculture must not be destroyed. In these circumstances, it would be most unwise to strike a death blow to any branch of industry at the moment.

Yes, it is true that the Committee on Agriculture, after hearings and deliberation, did not feel it wise to remove this restriction on oleomargarine without further study. I stress the fact that a subcommittee is now giving consideration

to the whole oleomargarine-butter color problem. This study will shortly be followed by a report. I do not believe the action provided in this oleomargarine bill should be taken until this final study is concluded.

I want the people of Michigan, and especially the housewives who have been asked to write to their Congressmen, to definitely understand that if this tax is removed it will not in any way assist the consumer in Michigan to buy colored oleomargarine. It will still be lawful to sell oleo in any color excepting yellow. Many of those who have written to me from the district have been led to believe that Congress can eliminate the necessity of the housewife coloring her own oleomargarine. This just is not true and the only possible benefits that could come to consumers in Michigan, if the pending bill were to become a law, would be the removal of the one-fourth of a cent a pound tax on uncolored oleo. Everybody knows that this tax is now absorbed by the manufacturer, and that the consumer does not pay it as a tax.

I have given much thought and consideration to this whole matter and, for the reasons which I have stated, I am constrained to believe that the best interests, not only of the dairy industry and the consumers but of the country at large, require the defeat of this bill at this time. I am not so naive, however, as to overlook the effect of the commercial propaganda and a general misconception on the part of many people. If pressure groups ever accomplished anything, this bill will be passed in the House, but that does not mean that it will become law.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I yield the balance of the time to myself.

Mr. Chairman, I have listened with great interest and concern to the debate on this important legislation. It occurs to me that many people throughout the country and probably some of my colleagues here in the House have been misled as to the real purpose and intent of the bill. It has been said that this legislation is proposed in the name of the consumer, to bring about lower costs of food and cheaper food to the consumers of this country, particularly the low-income groups. That is so far from the truth that it is hard to conceive that anybody would pay any attention to such an argument, because the facts are that throughout the United States the people can now buy oleomargarine for what it is and pay a tax of only one-fourth of a cent a pound on it, not 10 cents a pound, as most people have been led to believe. The tax is a quarter of a cent a pound, fixed by Federal law, on oleomargarine. I am satisfied that the manufacture of the oleo absorbs that quarter of a cent so that the consumer does not pay any of it.

The fight is an economic issue. It is not to bring lower food prices to the people, it is an economic issue where, as has been so well stated here by several Members, one branch of American agriculture is seeking to increase and expand the sale of its products at the expense of another group. There is no question about that. When some people

here plead for the low-income groups, those low-income groups are only being used as a front to carry on an economic fight for the benefit of one group in this country. The issue is very plain and should be made clear to everyone, and that is color—the color yellow. The oleomargarine industry and the National Cotton Council, which represents the southern cotton States, want to have oleomargarine colored yellow to make it look like butter so as to increase their sales and to increase the use and price of cottonseed oil. Fifty-three percent of the fat in oleomargarine is from cottonseed. There is some soybean oil, some peanut oil, and some corn oil. But cottonseed oil is the main ingredient in oleomargarine. The price of cottonseed oil yesterday was around 27 cents a pound. Oleomargarine is sold all the way from 32 cents to 41 cents a pound in its white color. It has been said here that if we would remove this tax of 10 cents a pound on yellow-colored oleomargarine the people would be able to get a cheaper product, to wit, oleomargarine colored yellow. Well, let us see what they are doing right here in Washington today. I have here last Thursday's Evening Star which quotes Southern Gold yellow-colored oleo sold at 55 cents a pound, and if you buy it in its natural state you can get it for 40 cents a pound. So in addition to charging the 10 cents tax, they are adding another nickel so that people are paying more for the yellow-colored oleo than the tax itself.

Mr. MURRAY of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I am glad to yield to the gentleman.

Mr. MURRAY of Wisconsin. Does not the Washington Post of this morning in an editorial point out that all they are doing if we pass this so-called Rivers bill is to give the American people a chance to pay more money for oleomargarine?

Mr. AUGUST H. ANDRESEN. Yes. Again I tell you, gentlemen, that when I read that editorial, I was very much surprised at the admission the editor of the Post made when he said that this legislation would not help very much because there were 22 States in the country, where two-thirds of the population reside, where the people would not be able to buy this yellow-colored oleo even though we repeal the so-called yellow-color margarine tax.

Mr. CORBETT. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I am glad to yield to the gentleman.

Mr. CORBETT. On this particular argument about the price differential there has never been any consideration on the floor of the House with reference to the fact that there is a \$600 manufacturers' tax, a \$480 wholesalers' tax, and a \$48 retail tax.

Mr. AUGUST H. ANDRESEN. I believe I know what the gentleman has in mind, and I shall be glad to answer the question. Yes, the tax on manufacturers is \$600. But who pays it? There are twenty-six multi-million-dollar food-processing concerns in this country, and the \$600 does not mean even a drop in

the bucket to them. The same thing applies to the wholesalers and the tax applying to the retailer does not mean anything.

Mr. MACKINNON. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. MACKINNON. The truth of the matter is that the manufacturers' tax is imposed both on the person manufacturing the colored oleomargarine and the uncolored oleomargarine, and that should not reflect in any difference in price between the two commodities other than to the extent of the 10-cent tax.

Mr. AUGUST H. ANDRESEN. That is correct. Furthermore, if you will look at the figures of the profits made by these different concerns, you will find that the manufacturer gets around 4 cents or more profit on a pound of oleomargarine. That is true for the wholesaler and retailer.

Mr. MURRAY of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. MURRAY of Wisconsin. Will the gentleman tell us why it is that England does not want to buy any oleomargarine which is made in the United States?

Mr. AUGUST H. ANDRESEN. I did not think that question was going to be brought up here, but I can point out that we have been trying to sell some oleomargarine to England under the Marshall plan—or I should say, not sell it but give it to England. In a communication from a reliable agency dealing for the British, I find the following paragraph which I will read from their letter. It says:

Should the Marshall plan materialize lard will be imported in quantity, but licenses to import oleomargarine will not be granted, as American margarine chemical contents does not come up to the necessary standards for the British Ministry of Health.

I do not know why they should object to the oleomargarine they make in this country, but certainly they do not want our oleomargarine. They want butter. Of course, under the Marshall plan, we will ship them butter if we have any left, instead of sending them oleomargarine.

Mr. MURRAY of Wisconsin. Mr. Chairman, will the gentleman yield further?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. MURRAY of Wisconsin. Why is it, if this oleomargarine is so pure as it is advertised, that it is impossible to make inspections of the plants? Why is that? I only tried to get in one and I could not get into that one.

Mr. AUGUST H. ANDRESEN. That is probably because of the secret process that they might have. I am not familiar with that. I have not tried to get into any of them.

Let me say in conclusion, my opposition to the pending legislation is honest and sincere. I try to take a long-range viewpoint for American agriculture. I am interested in all segments of agriculture. I want them to succeed and prosper because I know what it means to the general welfare of our country. We who come from the dairy sections feel that legislation sponsored by the national

cotton council and the oleomargarine industry is going to seriously threaten our dairy areas. We produce a surplus of milk, and should this bill which is before us be passed, I am convinced that our dairy farmers throughout the Middle West will be forced to reduce their dairy herds, which will mean that the price of milk and the price of meat will go up to the consumers. The dairy farms of the United States furnish approximately 40 percent of the meat for the country. We will also have a very severe retarding in soil-conservation practices in the United States. Dairying and soil conservation go together. I say to you, those of you who are interested in providing abundant food for the American people, who are interested in the general welfare, should vote against the pending bill and join us in defeating it.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. RIVERS. Mr. Chairman, I ask unanimous consent that all Members may extend their remarks at this point in the RECORD.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. MURDOCK. Mr. Chairman, in this long and acrimonious debate I have listened attentively and have not until now opened my mouth. This is not because I am not interested in the subject, for I have given this controversy the best study of which I am capable. On the production side, my constituents appear about equally divided, for my State has a substantial dairy industry and also an expanding cotton production. It is unnecessary to say that both types of producers have contacted me in regard to my vote on this issue, but none have contacted me so much or so firmly as the consumers in this pending matter.

This debate has grown intense and bitter. I find it necessary to discount much that has been said here during the last few days regarding the impurities and the unwholesome ingredients of that food product in the controversy which is opposed. I do know that our pure food laws are not perfect and their administration lacks much of perfection, but I think the proper solution would be a tightening of inspection and enforcement of law. In spite of our progress since 1906, we have not gone far enough in the direction of protecting the public health. Perhaps the dairy industry has fallen short, especially in the recent years during the war, but I can see how the oleo producers might also harm the public health without proper laws and strict enforcement concerning its composition.

I know the over-all benefits of the dairy industry in the total picture of American agriculture. If I had to choose between them I should choose dairy agriculture rather than cotton agriculture, but I do not think such a choice necessary. I believe both types can be integrated to the benefit of our American economy. I do not believe the passage of this tax repeal bill will destroy our dairy industry as I have heard claimed during this debate. That is one argument I am discounting heavily.

In casting a vote on this measure I am thinking of the consumer interest more than that of the producers. Therefore, I want to take the first step toward making a wholesome food available for the modern family of small income. In keeping with that, I shall vote for any amendment that seems to guarantee the protection of the public health and prevention of fraud on the consuming public by preventing a substitute being sold as butter. I want both of these wholesome foods to be sold and purchased on their merits in a competitive market without the benefit of monopolistic legal support. I am confident that amendments to bring such about will be offered and I shall be alert to support such amendments if they really accomplish this purpose.

Mr. MORTON. Mr. Chairman, I followed with great interest the debate on the pending legislation. It seems to me that the basic problem involved has been obscured by acrimonious and emotional charges on the part of both proponents and opponents. We have been told that margarine is full of worms and, therefore, unfit for human consumption; we have been told that butter is a filthy product and a carrier of tuberculosis and other disease germs. If the housewives of America give any credence to the arguments advanced during this debate, most of us will eat apple butter the rest of our lives. The facts are that both butter and oleomargarine are healthy, nutritious, and palatable food products. In my opinion, the quality of both products has been unfairly and unjustly attacked here on the floor of the House.

There can be no doubt that the great consuming public in its quest for a cheaper and more convenient table spread is advocating the repeal of the taxes on oleomargarine. This same consuming public is very conscious of the important part that the dairy industry plays in the over-all economy and prosperity of this country. The factory worker cannot hope to be prosperous unless this Nation enjoys a high farm income. The producer of dairy products is the very backbone of our farm economy.

Now what will happen to the dairy business if this tax is repealed? Experts in my own district tell me that it will result in a reduction of 20 cents per hundred in the price that the farmer receives for his milk. This may or may not prove to be the case. If it does, it merely indicates that butter plays too much of a part in the formula by which milk prices, f. o. b. the farm, are computed. I understand that butter accounts for only about one-seventh of the end retail value of dairy products. Yet, in most milksheds, the price of butter is the major controlling factor in the price that the farmer receives for his whole fluid milk. In my own district in Louisville, Ky., we have three alternate formulas for computing the price of milk and the milk producers in my section are attempting to develop a fourth alternative which gives more expression to the price of cheese. I sincerely trust that they will be successful in this effort. I am told that in the city of Boston an experiment is under way

which takes into consideration many factors in arriving at the farm price for milk. Included among these factors are the cost of feed, the cost of farm labor, and even department-store sales. This is an interesting experiment and may well prove to be of great benefit not only to the dairy producers but to our over-all economy. For years, butter has been regarded as the gold standard in the whole dairy business. This, it seems to me, accounts for the great apprehension of the milk producers over the repeal of this tax. This apprehension can be eliminated or substantially relieved if the base is broadened and if the price of butter receives only its proportionate importance in arriving at the farm price for whole-fluid milk.

Many years ago, the horse was, perhaps, the most important animal in the economy of this Nation. The horse provided most of our transportation and farm power. When the President of the United States addressed the Congress, he drove from the White House to Capitol Hill in a horse-drawn carriage. The doctor answered the calls of the sick in a horse-drawn buggy. The tub of butter was delivered to the grocery store by a horse-drawn dray. Members of Congress traveled from their districts to Washington in horse-drawn stagecoaches. The farmer used horses or mules for most of his plowing, cultivating, haryesting, and transportation requirements. Today mechanized power has almost completely replaced the horse and this has not resulted in a backward step in the economy of this country. In fact, we now refer to those days before our economic awakening as the horse-and-buggy days.

Human progress is full of examples of substitution. When a product or a machine or a method is developed which does any job or satisfies any human need at a cheaper price or more efficiently, it succeeds and takes its rightful place in the economy and lives of the people. That is the basic problem involved in the legislation before us. The repeal of the margarine taxes is inevitable either at this session of Congress or some future session. I am confident that the repeal of these taxes will not mark the end of prosperity in the dairy industry. Many people will always eat butter. The potential demand for other dairy products is enormous. The per capita consumption of cheese in this country is far below that in most European nations. It can be greatly stimulated and developed. I voted for the motion to discharge this bill from the committee and I shall vote for its passage. I also recognize a responsibility to our producer of dairy products. The dairymen must not be the victim of an archaic and artificial pricing basis. If legislation is necessary to protect the dairy producer, it is our responsibility to pass it. In my opinion, this whole question has been exaggerated and I am afraid that many people have been very much misled as to the facts by the bitter campaign which has been waged on both sides of the subject.

Mr. ELSAESSER. Mr. Chairman, I favor repeal of the punitive taxes and

regulations now levied and imposed upon the manufacture, distribution, and sale of colored oleomargarine. I firmly believe that no one group is entitled to favoritism, such as we have in the dairy industry, whereby another group producing a food item is penalized by governmental taxes from openly and honestly competing for consumer patronage.

Special privileges, such as this, are un-American. Our Government should not interfere in a free choice by imposing a tax that is in effect a penalty. Today the housewife must pay 10 cents per pound more for yellow margarine, but if she buys yellow butter she does not have to pay 10 cents more.

Existing laws make it possible for the Government to impose a license fee of \$600, plus a tax of 10 cents per pound on colored margarine. Regulations require that the manufacturer, jobber, wholesaler, and retailer engaged in the sale of margarine, all file lengthy reports and data with the Federal Government. These penalties and requirements are imposed to benefit a certain group at the expense of our lower-income families. The Treasury has made a recommendation that this tax be abolished because the revenue therefrom has been so small.

I ask for no special privileges for margarine. Strict penalties should be imposed for any fraud or deception by manufacturers. Also stiff penalties should be invoked where a margarine product is offered as butter.

Butter manufacturers are permitted to color their product 8 months of each year, and they do not have to print the fact that color has been added on their packages. Why is this discrimination permitted? The public expects butter to be yellow in color, and the manufacturers of butter comply with their desires. In the case of margarine, the manufacturers can comply with the public's desire only if an additional Federal tax of 10 cents per pound is imposed.

I believe it is the duty of Congress to pass legislation which will remove this tax and reduce the price of a food item which many millions of our citizens purchase.

Mr. FOOTE. Mr. Chairman, the high cost of living is one of the vital issues of the hour. Congressional committees have devoted much time to investigating its causes. It has been well stated that living costs generally may be brought down by reduction in income taxes, reduction in governmental expenses, and the revamping of the fiscal policies of the Nation. However, this is a long-range program and will take some time before the people of this country will realize benefit from it. Action is needed immediately to give relief to the people of the country from excessive costs of living and I know of no better way of bringing down the cost than to cut down the cost of individual items that go to make up the family table and are found on the grocery list of the average American family today.

The idea that a particular commodity which now finds itself on the tables of the majority of the people of the country must be taxed by the Federal Government 10 cents per pound in the event that coloring is added to it, and that the

wholesaler and the retailer must get a permit in order to sell it, is to my mind unreasonable. It is the only food product that I know of in the United States that is directly taxed in such a manner.

In January last, I introduced H. R. 4930, a bill similar to the one now under consideration. I did so not as the representative of the oleomargarine interests or any lobby, but at the request of a resident who is an average American citizen residing in my congressional district. Since then I have received hundreds of letters, post cards, and telegrams from housewives and organizations protesting against this tax, and only three letters in favor of its continuance.

I have endeavored to approach this matter in a calm and deliberate manner, looking only to the merits of the situation. I do not charge anyone who is opposed to it with ulterior motives, and I do not believe anyone who is in favor of it should have his motives impugned or the charge made that he is a walking delegate for the margarine interests. As I understand it, after reading the Record and statements of those who defend this tax, it is not levied for revenue purposes primarily, but for the prevention of an alleged fraud and deception, to wit: To prevent the sale of oleomargarine as butter. The fallacy of this argument is that by the payment to the Federal Government of 10 cents, the sale of colored margarine is permitted. Therefore, if the position of the opponents is correct, the Government is in the very awkward position of saying to the people of the country that deception may be practiced provided one pays 10 cents for the privilege of doing it.

But what fraud and deception is practiced? So far as the sale of margarine as butter in stores is concerned, that can never take place if the customer is in full possession of facilities, for the package is plainly marked and in addition, any housewife knows the difference when she pays the price. So far as being able to go to a restaurant, hotel, or tourist house and having oleomargarine foisted upon a patron as butter is concerned, a great many States in the Union have statutes, and I know this is true in my own State, providing that these establishments must display a sign in plain sight of all guests sitting at tables, announcing the fact that oleomargarine is being served in the event they are doing so. Furthermore, it would seem that those advancing this argument are in a very weak position for they seem to assume that the ordinary individual today cannot tell the difference in taste between oleomargarine and butter, and according to the American Medical Association, margarine can be substituted for butter in the ordinary diet without any nutritional disadvantage.

This tax harms a great preponderance of the American housewives who do their own work, do not have servants and who work 14 to 16 hours a day, and who are obliged to add coloring which they and their families want, but which has been denied them unless they pay 10 cents to the Federal Government for this privilege. It affects organizations who operate on a rather restricted budget. The executive director of the Bristol Boys

Club Association of Bristol, Conn., which operates a summer camp for boys from low-income families and in reaching this class of boys it is necessary to keep fees as low as possible. The director states he wishes to run the camp at the lowest possible figure but with the present day cost of food, he is obliged to trim all corners possible. He states they desire to serve good nourishing food, but with butter \$1 a pound this item is out of the question, and therefore, the serving of margarine is the answer to his problem.

As far as color is concerned, no one group should have a monopoly on any color. The Hartford Daily Courant of Hartford, Conn., in commenting on this, states as follows:

A further paradox is the fact that much margarine is naturally a light yellow color, but must be bleached before it can be sold. Butter, on the other hand, is colorless most of the year, and is artificially colored.

So it seems that the butter industry colors its butter yellow. Therefore, why should the manufacturers of oleomargarine be criticized for doing the same thing?

We hear a lot about the "sacred cow." Heretofore, that terminology has been used only in connection with the official plane of the President. Frankly speaking, I could never understand why a plane should be named after one of the slowest moving animals of the country. I regret that it is not possible for butter to be produced today at a figure that the average housewife can afford to pay. Maybe she would rather have it, but she cannot afford it and it is a lamentable fact, too, that when butter is \$1 a pound, that the farmer still gets a very small part of it. The elimination of this tax will in no way affect the price that the farmers of this country are receiving and will continue to receive for their products. These are the days of keen competition in all fields of endeavor. I have the greatest respect for the farmer. In fact, I have always lived on a farm or in a farming community and during my career, I probably milked as many cows as any Member of this House. My congressional district has several towns in it where farming is engaged in and milk production carried on. I had sent to me by the Shore Line Times, a weekly publication which circulates through and in the vicinity of these towns in my district, and in it I find an editorial which is more vociferous in its support of the passage of this legislation than some of the editorials I read in the newspapers published in the great State of Wisconsin. The Shore Line Times states in part:

Keep the penalty severe and the inspection keen to prevent the sale of margarine for butter, but let the efficient Food and Drug Act cover any such deceptive labeling rather than give any one group a patent on the color yellow, as is now in effect being done.

I realize that the passage of this legislation may not be beneficial to the people residing in the States of the Union where the sale of margarine is prohibited by local laws and regulations. This is no reason why the present proposed Federal legislation should not be enacted.

The abolition of this tax will affect millions of people in the Nation. It is unjust, unfair, and discriminatory, and I have been unable to find any legal or moral justification for its continuance. These are days of nondiscrimination.

Mr. RIVERS. Mr. Chairman, I yield 4 minutes to the gentleman from North Carolina [Mr. BARDEN].

Mr. MITCHELL. Mr. Chairman, will the gentleman yield just for a short observation?

Mr. BARDEN. I yield.

Mr. MITCHELL. I have in my possession an invitation to any Member of Congress who wishes to visit either the Best Foods margarine plant or the Kraft cheese margarine plant or any other margarine plant.

Mr. BARDEN. I had not intended saying anything about this legislation but I am a little disturbed over the trend that the debate has assumed. I think it might be well for every Member of this House to reflect for a moment and remember the time when all agriculture was on its knees and all agriculture was in distress, and the people of America pretty soon found themselves in the same situation.

Now, the same kind of people grow the beans and the peas and the other grains that produce the oils for margarine, that produce the milk; they are the same kind of farmers, they are the same kind of Americans. Why should we try to pit one against the other for the benefit of none?

We can bring it a little closer to the House. The same kind of Members and the same kind of Americans are indulging in this debate, some on one side and some on the other. Some are following their conscientious convictions about this matter and are conscientiously of the opinion that the tax should be removed. Others are equally conscientious and are doing all they can representing their constituency in trying to keep it from being removed. Why can we not be fair on each side and brush out these insinuations and remarks that have been flying back and forth?

All of us in this House know that the Pure Food and Drug Act is an active statute on the statute books today; and all of us know that butter is as nearly pure as it can be made, and the Pure Food and Drug Act requires it. All of us know that oleomargarine is just as pure as modern production methods can make it, and must comply with the Pure Food and Drug Act. I like both of them, as far as that is concerned, and use both of them, but prefer butter. I was not very much impressed with the paragraph read by the gentleman from Minnesota from a British official saying that they would not permit any oleo to be shipped over there when we are giving it to them. While the people of my constituency have to eat oleo—some of them eat it by choice, others eat it when they cannot get butter—I am not much inclined to want to force my folks to eat it in order that the British may have the cream and butter. That does not impress me one bit and I hope that that British official is not speaking the sentiments of the British people or the British Government.

I have both dairy farmers and farmers who grow cotton, beans and corn as well as some farmers who produce cotton, beans, corn, and dairy products on the same farm.

The beans and cottonseed are crushed, the oil pressed out, the oil is used in oleo. The cottonseed meal, bean meal, and other byproducts are used to feed the dairy cattle to produce milk and butter. Now the question presents itself of where we should begin taxing and where should it end? Of course the consumer does not like the tax, and in so far as it would affect the price or demand for cottonseed, beans, and so forth, the producing farmer would not like it.

I do not feel that my dairy farmers would want to harm or hinder their neighbors across the road any more than the cotton, bean and corn farmer would want to harm or hinder his neighbor, the dairy farmer.

I think there is an element of justice and fair play involved and as long as I see it in this light, I shall not be one to drive a wedge between the dairy farmer and any other group of farmers. I believe it is so necessary at this time for them to stand together in order to strengthen our great agricultural industry, and encourage private enterprise rather than discourage it.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. RIVERS. Mr. Chairman, I yield 5 minutes to the gentleman from Connecticut [Mr. MILLER].

How much time will that leave me?

The CHAIRMAN. That will leave the gentleman 1 minute.

Mr. RIVERS. That is all I want.

Mr. MILLER of Connecticut. Mr. Chairman, I think it is unfortunate that the debate on this bill developed as it did on Monday. I wish it were possible under the rules to ask to expunge the whole record of debate that we have had on oleomargarine. I sat throughout Monday and so far today wishing that some of the opponents of the bill would explain to me just how the repeal of this tax is going to wreck the dairy industry. I have not heard any argument on that during the debate.

I was particularly impressed by the remarks of my distinguished colleague the gentleman from Minnesota [Mr. H. CARL ANDERSEN] and it seemed to me his remarks went to the whole meat of this argument. The gentleman from Minnesota contended that the repeal of this tax would force down the price of butter and would thereby create a hardship on the dairy industry.

The gentleman from Minnesota explained from his point of view the effect it would have on the dairy industry and I was greatly impressed by his argument. I wish we had more along that line.

Mr. H. CARL ANDERSEN. Mr. Chairman, will the gentleman yield?

Mr. MILLER of Connecticut. I yield to the gentleman from Minnesota.

Mr. H. CARL ANDERSEN. I firmly believe what I said, that the direct result of this legislation will be to force down the price of butter and it will force out of business butter producers such as myself.

Mr. MILLER of Connecticut. Mr. Chairman, I gave very serious consideration to the gentleman's remarks, and, as I said, I wish the whole debate had been on that level. This is not the place here to discuss the purity of oleomargarine or butter. I have a great many dairy farmers in my district, and I have talked to many of them, and they tell me they are not concerned about this tax. The tax is not important as a revenue producer. They want the tax continued so as to continue Federal control over the sale of oleo and so that we may have Federal enforcement against those who try to substitute oleomargarine for butter. As long as that Federal control is continued the dairy farmers I talked to in my district are satisfied.

Mr. Chairman, if this bill passes Federal control will be continued. We have the Pure Food and Drug Administration of the Federal Government which over the years has given us a good administration. It is one of the finest agencies of the Federal Government insofar as cooperation with the States is concerned. I talked with representatives of that department yesterday. I asked them, "Will repeal of this tax make your task more difficult? Is there any more reason why you cannot police the oleomargarine situation the same as you do other food and drug products?" They said, "Absolutely not."

When this tax was placed on oleomargarine we did not have the Pure Food and Drug Act on the books that we have today. We have just amended that act in the House, which bill is over in the Senate now and will be passed in a few days. That bill was based on a Supreme Court decision. In that act we say that Federal control of any commodity moving in interstate commerce shall follow through to the ultimate consumer, so that a pure food and drug inspector can seize oleomargarine at a grocery store, in a restaurant or anywhere he may find it. There is ample punishment provided in the law for those who would substitute oleomargarine for butter. We also have the False Labeling Act.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. MILLER of Connecticut. I yield to the gentleman from New York.

Mr. REED of New York. I join with the gentleman in the statement that probably oleomargarine may be as pure as butter. It is a matter of choice. The overflow of a septic tank, they tell us, may be as pure as spring water, but I should prefer the spring water.

Mr. MILLER of Connecticut. Well, I have been at places where I would take the septic tank water.

Mr. Chairman, there are many people who either by choice or necessity buy oleomargarine and I do not think we should make it more expensive for them. It has been said that this will not make any difference in the State of Connecticut or 20 other States because the State law prohibits the sale of colored margarine. But that is not my responsibility. If the consumers of Connecticut are as insistent with the members of the Connecticut Legislature as they have been with the Connecticut delegation in Congress, I dare say the next session of

the legislature will consider that matter. That is their responsibility, however. I am trying to live up to my responsibility today. If I can protect the consumers of my State without working a serious hardship on the dairy farmers, I feel that is my duty and that is the road I should follow.

Mr. CORBETT. Mr. Chairman, will the gentleman yield?

Mr. MILLER of Connecticut. I yield to the gentleman from Pennsylvania.

Mr. CORBETT. Would not the gentleman agree that the argument that because there are still some States that prohibit the sale of margarine is weak against eliminating this tax? I do. State laws are not our responsibility.

The CHAIRMAN. The time of the gentleman from Connecticut has expired.

All time has expired. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That (a) section 2301 of the Internal Revenue Code (relating to the tax on oleomargarine) is repealed.

(b) The amendment made by subsection (a) shall take effect on the day following the date of the enactment of this act.

Mr. HILL. Mr. Chairman, I offer a substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. HILL as a substitute: Strike out all after the enacting clause and substitute the following:

"That chapter 16, subchapter A, section 2301 (a) (1) of the Internal Revenue Code (relating to the tax on oleomargarine) is hereby amended to read as follows:

"(1) Upon oleomargarine which shall be manufactured and sold, or removed for consumption or use, there shall be assessed and collected a tax at the rate of one-fourth of 1 cent per pound; except that such tax shall be at the rate of 10 cents per pound in the case of oleomargarine which is yellow in color: *Provided*, That such tax on oleomargarine which is yellow in color shall be at the rate of one-fourth of 1 cent per pound if such oleomargarine is manufactured, prepared, molded, shaped, packaged, sold, and distributed so that—

"a. The net weight of the contents of the retail package shall not exceed 1 pound;

"b. The contents of each package is divided into four equal parts; and

"c. Each part of the contents of such package is manufactured, prepared, molded, and shaped in such manner so as to have three sides (exclusive of the ends) so that each part will be triangular in shape, or to be in such other form or shape as the Commissioner, with the approval of the Secretary of the Treasury, may approve. The Secretary of the Treasury shall not approve any other method of preparing, molding, or shaping of oleomargarine unless he is fully satisfied that the article after all labels have been removed and after it has been cut into patties for use on the table can readily be recognized by the general public as oleomargarine and clearly distinguished from butter."

"Sec. 2. Chapter 16, subchapter A, section 2302 (a) of the Internal Revenue Code is amended by inserting after the phrase 'determined as provided in paragraph 2 of section 2301 (a),' the following 'or who shall change or attempt to change the mold or shape or other identifying characteristics of yellow oleomargarine on which a tax at the rate of 10 cents per pound has not been paid with the intent, or with the effect, of defeating the purposes of this act.'

"Sec. 3. Chapter 16, subchapter A, section 2308 (a) of the Internal Revenue Code is hereby amended by inserting after the word 'law' where it last appears in that section the following: ', or who knowingly changes

the form or shape or other identifying characteristics of yellow oleomargarine on which a tax at the rate of 10 cents per pound has not been paid with the intent, or with the effect, of defeating the purposes of this act.'

"Sec. 4. Chapter 27, subchapter A, part I, section 3200 (a) of the Internal Revenue Code is amended by inserting after the word 'oleomargarine' the following ', except hospitals which merely color oleomargarine to be served to patients or hospital employees.'

"Sec. 5. Chapter 27, subchapter A, part I, section 3200 (b) (1) of the Internal Revenue Code is amended by striking out the figure '\$200' and insert in lieu thereof '\$50.'

"Sec. 6. Chapter 27, subchapter A, part I, section 3200 (c) of the Internal Revenue Code is amended by striking out the figure '\$6' and insert in lieu thereof '\$1.'

"Sec. 7. This act shall take effect on July 1, 1948."

Mr. HILL. Mr. Chairman, I shall take my time principally on the first section. What we had in mind, in all seriousness, was to get away from the—shall I say—eternal battle that has been going on concerning the coloring of oleomargarine and changing it over to resemble butter. In this bill, if you will notice, we have provided that it must be made only in triangular form, and there is no reason why a manufacturer cannot cut it into a triangular form just as easy as he can cut it into a square or rectangular form.

Then the bill also provides that this form shall follow the oleomargarine to the table, to the little patty that housewives serve on the plate. It catches the hotels and the restaurants. Certainly no one supporting this legislation wants oleo sold in the place of butter, or as an imitation. This is the thing that has caused our thinking on this matter to turn to this form, to discover if possible a way to keep the identity of oleo until it is consumed by the ultimate consumer, so when you went into an eating house, a hotel, a restaurant, or a cafe, you would know, if they served you a triangular piece of spread—I will avoid the use of the word "butter"—that that would be oleomargarine, and that would identify it until it had been consumed.

In this bill we go a step further than that. I might say to my colleagues that we have worked long and hard on this amendment. We have not been in the councils of the butter trust, as some like to call it. Neither have we been taken into the hearts of those who wish to have oleo sold if they can sell more cottonseed oil or more of the other products that go into oleo. What we were trying to do is to be honest and fair and just. Of course, we were hopeful that the gentleman in charge of the bill would accept this amendment.

We go one step further and say to you something like this, and I shall read from the amendment:

Each part will be triangular in shape, or to be in such other form or shape as the Commissioner, with the approval of the Secretary of the Treasury, may approve. The Secretary of the Treasury shall not approve any other method of preparing, molding, or shaping of oleomargarine—

And so on, unless it maintains the identity of the oleo.

I ask any fair-minded person in this room wherein that statement has in it any fault. We are not trying to keep the

housewife from having oleo, we are not trying to keep her from having colored oleo, yellow if she wishes. If it is the wish of this House to take all the taxes off, I would be the last person to find any fault. My good friend from Connecticut knows well that, if he thinks that is what he wants, and that is the desire of this House, I would be the last one to say that the housewife had to pay, shall I call it, a nuisance tax.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. HILL. I yield to the gentleman from Texas.

Mr. POAGE. Would the gentleman be willing to accept an amendment to his amendment that would strike out the tax provisions, because frankly I may say in all fairness that I think it is wrong to tax a wholesome food product. As I understand, the gentleman would keep a tax of a fourth of a cent and the taxes on the manufacturers and distributors. Those taxes on the distributors, as I see it, are more unfair if possible than even the 10-cent tax, because only one store in a hundred in the United States today sells colored oleomargarine. They cannot do it because of the taxes. Would the gentleman be willing to strike out the tax provisions of his amendment?

Mr. HILL. I will say to the gentleman from Texas that as far as I am personally concerned I cannot find any substantial ground upon which I could place my argument in support of any kind of a tax on any kind of food, but we must be certain that we can still police this matter, the same as we do under our Food and Drug Act. Take for instance the candy that is manufactured in this country, hundreds and hundreds of tons of it annually. We do not permit the manufacturer of candy to put into it materials that are harmful to children.

The CHAIRMAN. The time of the gentleman from Colorado has expired.

Mr. POAGE. Mr. Chairman, I ask unanimous consent that the gentleman from Colorado be permitted to proceed for five additional minutes.

Mr. CORBETT. Reserving the right to object, Mr. Chairman—

Mr. HOFFMAN. Regular order, Mr. Chairman.

The CHAIRMAN. The regular order is demanded.

Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. HILL. I thank the gentleman from Texas.

Mr. POAGE. If the gentleman will yield further, the gentleman seems to be making an effort to work out a fair proposition. I know he is trying to work out something fair. Would the gentleman then, in an effort simply to be fair about this thing, recognize that the only danger he is trying to avoid is in connection with the possibility that in a public eating place somebody might be served margarine when he thought it was butter?

The gentleman recognizes, I take it, that the margarine that is now sold in packages which are by law labeled oleomargarine and which is sold to the housewife does not confuse her, no matter what might be the shape of the oleomargarine. It has been pointed out that

the margarine manufacturers cannot change their machinery overnight. I wonder if the gentleman would be willing to confine this special-shape requirement to public eating places and let the housewife buy her margarine in any color regardless of the shape it is in. You cannot fool anybody in the kitchen, and you certainly are not going to fool the family that bought it in the package which says oleomargarine on it. You are only trying to strike at about the less than 10 percent that may be sold in public eating places. Would the gentleman be willing to confine his requirements to public eating places and take off the tax? Although I admit that they must have some kind of regulation but it is not necessary to have all these taxes. Would the gentleman be willing to do those two things?

Mr. HILL. The gentleman, of course, puts me in this position—I have not had time to analyze that type of amendment. But I would say to the gentleman from Texas [Mr. POAGE], you are putting your finger on the element that was mentioned a while ago and that has not been kept uppermost in this debate. What you and I are trying to do is to meet on common ground.

Mr. POAGE. That is right.

Mr. HILL. I had called to my attention this morning by a housewife that she bought oleo in quarter pound cubes, and they were wrapped in paper and that quarter-pound package had the name oleo plainly written on it.

Mr. POAGE. Yes.

Mr. HILL. I have no objection to a sale like that so far as I am concerned, but there are thousands of hotels, restaurants, and cafes in this country that must take that paper wrapping off and when they bring it out on a plate to the dining room there is no way to identify it. I do not see why the oleo manufacturers should object to the plan that you yourself mentioned.

Mr. POAGE. If you will require the public eating places to either post a notice that they are serving oleomargarine or to serve it in a triangular form when they serve it, would not regulation of public eating places serve the gentleman's purpose? I realize you may have to have a license fee in order to secure the desired regulation of public eating places, but you do not have to put that license fee on the grocer who sells oleomargarine to the housewife in order to cure the evil that you are trying to cure. All that I am trying to say is let us not place a burden on 90 percent of the people in order to cure a possible danger at another point. I am willing to try to go along with you and cure the evil that you are trying to cure, but would you not be willing to try to work out a proposal which would apply only to the public eating places?

Mr. HILL. I certainly would. May I go one step further and say that this is a demonstration here on the floor of the House of what may happen and what does happen when you try to bring out legislation by means of a discharge petition. I am positive if our committee could have had some more time, we could have worked out this proposition, and we could have come to some common ground of agreement, which I am sure

every Member of the House wants to reach.

I yield to my chairman the gentleman from Kansas [Mr. HOPE].

Mr. HOPE. The gentleman from Texas has asked the gentleman from Colorado if he would object to an amendment which would remove all taxes. I did not understand the gentleman from Colorado to commit himself on that, but the gentleman realizes, I am sure, that if an amendment to the gentleman's amendment were adopted which would take off all the taxes, that the remaining language would not be germane to this bill. As I understand it, the proposal will be offered that all taxes except the tax on the manufacturer be eliminated. While I would prefer the amendment in the form that the gentleman has suggested, it seems to me that we might very well consider a proposal to take all taxes off except those on the manufacturer because that would still leave the Bureau of Internal Revenue with jurisdiction of the matter and would make it possible, I think, to enforce the legislation which the gentleman has in mind.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. COTTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in the 2 years I have been a Member of this body I have rarely taken time on this floor. I take this time today because I am a member of the subcommittee of the Committee on Agriculture, of which the gentleman from Colorado [Mr. HILL] is chairman, created for the purpose of seeking a solution to this long-time problem which has been the subject of so much controversy.

I have collaborated with the gentleman from Colorado, as have other members of the subcommittee, in the preparation of this substitute.

Mr. Chairman, I was interested to read in the CONGRESSIONAL RECORD, the story of the original debates on this problem, back in 1886, 62 years ago. The same arguments were made; the same expedencies were suggested. I was interested to read the recriminations between various sections and States of the country, and compared with that, what has been said here this last week has been very mild indeed. Even then it was suggested that we should have oleomargarine colored green or bright pink. Even then it was suggested that a tax would be unfair to the American consumer.

I am a member of the committee which voted to postpone consideration of this matter until we could work out a solution. I have stated frankly that I believe that the tax is fundamentally wrong, and the wrong approach to the problem.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. COTTON. I yield.

Mr. COOLEY. The gentleman is a member of the subcommittee named by our chairman to study this problem. I was wondering whether or not that subcommittee had considered the amendment now under consideration.

Mr. COTTON. The subcommittee, as far as any formal consideration is con-

cerned, has not met and considered the matter. Due to unforeseen circumstances, the time was so short that we have only been able to try to work it out, and it is presented purely as the amendment offered by the gentleman from Colorado.

Mr. COOLEY. Is the gentleman supporting the amendment offered by the gentleman from Colorado?

Mr. COTTON. I certainly am, and if it is adopted I shall vote for the bill.

Now, Mr. Chairman, I hope that this House will give careful consideration to this substitute bill. I hope the Members from all sections and on both sides of this controversy will give this proposition very careful consideration, because it is a constructive proposition that might do much to heal this sore which has lasted for these 62 years.

The substitute, which causes the manufacture and sale of oleomargarine in a triangular form within the package, clearly distinguishes the product from butter.

The CHAIRMAN. The time of the gentleman from New Hampshire has expired.

Mr. COTTON. Mr. Chairman, I ask unanimous consent to proceed for one additional minute.

Mr. RIVERS. Mr. Chairman, reserving the right to object, if everybody is going to ask for an extension of time we will never finish the bill. I shall have to interpose an objection from now on to extensions of time beyond the 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New Hampshire that he may proceed for one additional minute?

There was no objection.

Mr. COTTON. Mr. Chairman, the Hill substitute, if adopted, will benefit and protect the dairy industry in that it enables them to have their product clearly recognizable and distinguished from all other similar products. Enlightened and progressive dairy farmers have told me that they recognize the unsoundness of the tax but that all they want or expect is to be able to merchandise their own butter, to advertise it, and to sell it, and to have the public know their product.

The Hill substitute will benefit the proponents of this bill and the oleo industry. It is quite apparent that the proponents of the bill have sufficient votes here today to pass the bill in its present form but the bill must pass the other body and, before it can affect the major portion of the population of the United States, State legislatures must take action. I believe they are much more likely to repeal the restrictions and prohibitions of the State laws if this substitute is passed instead of the original bill.

The Hill substitute will benefit the entire country and all its agriculture, for it is a logical and constructive solution of a problem that has been agitating this Congress and the country for 62 years.

I cannot vote for the bill in its present form. I would like to vote for it because it abolishes the manufacturers' and dealers' fees, and they should be abolished. I would like to vote for it because it removes the tax which I believe to be unsound, but I cannot vote for it unless it

is safeguarded by a method clearly distinguishing butter from margarine.

The present bill will not save the housewives from coloring the margarine in many States in this Union, including my own. The present bill, in my opinion, will not provide lower-priced yellow margarine even in the States that now permit the sale of it. All that the margarine manufacturer and dealer has to do is to sell it at a lower price than butter. That they are now doing and paying 10 cents per pound to the Government. If this 10-cent tax is removed, the price of margarine will not drop more than a few weeks or months because, like any other business, it will be sold at only a reasonable margin below its great competitor.

The consumers of this country have been deceived by a clever national publicity campaign into believing that they will profit from this bill. They can profit very little from it and, in its present form, they can suffer greatly because of the blow it will strike at the livestock and milk industry of the Nation.

I cannot vote for this bill because it does so little for so few.

I can and will vote for the substitute if it is adopted because it will benefit and protect both the farmer and the consumer.

Mr. MITCHELL. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I am certain that the gentleman from Colorado [Mr. HILL] has offered this amendment in all sincerity and good faith; but I am just as sure that he has not taken into consideration the complications that this amendment would cause should it be adopted.

In the first place, from a practical standpoint, the consumer would be prevented from obtaining margarine due to the fact that it would require a period of years to design and build the necessary machinery to comply with the provisions of this amendment. I seriously doubt such machinery could be designed and built in less than 3 to 5 years due to the critical shortage of steel at the present time.

During that time, of course, the margarine manufacturers would be obligated to close their plants, laying off their employees and depriving the farmer of his outlet for oil and skim milk which is used in the manufacture of margarine.

Mr. HILL. Mr. Chairman, will the gentleman yield?

Mr. MITCHELL. I yield.

Mr. HILL. Will the gentleman accept this amendment if we put it off for 9 months?

Mr. MITCHELL. If the gentleman will let me finish my statement first, then I will discuss this matter with him.

I respect the desire of the gentleman from Colorado [Mr. HILL] to protect the consumer who eats in restaurants, hotels, and other public eating places. In my years of experience in the food business I have quite naturally had occasion to do business with and become personally acquainted with thousands of hotel and restaurant owners and managers all over the country; and while I feel that there is possibly a small percentage of these people who would deliberately defraud their customers, the public, I am sure

that this percentage is infinitesimal and that the great majority of American businessmen and women operating our restaurants and hotels throughout the country are people of integrity and honesty. I do not think that there is a Member of this House who does not feel precisely the same way I do about their own constituency who happen to be in the restaurant and hotel business.

Of course, in every walk of life we find cheats. The substitution of margarine for butter is not the only substitution which takes place in the eating establishments of the unscrupulous operator. Ground sirloin steak oftentimes is substituted for by hamburger; maple sirup is substituted for by cane or corn sirup artificially flavored; Roquefort cheese dressing in most cases today is made with a substitute called blue cheese—which I personally consider superior to the imported Roquefort. This fine blue cheese is generally made in the great States of Minnesota, Wisconsin, Illinois, and Iowa. I could go on, but I feel that the Members of this House understand the situation without my doing so.

The protection that the gentleman from Colorado [Mr. HILL] desires to give the consumer who eats in hotels and restaurants can be afforded in a different manner, one which would not have the harmful effects I have previously outlined. In fact, it is already being done. In 41 States there are laws providing that if margarine is used or served, such fact must be stated on the menu, on a placard on the wall, or on the dish itself. So the job is approximately 85 percent completed already.

Furthermore, the average housewife has a small specially shaped dish in which she keeps her quarter-pound sticks of margarine or butter, and if this amendment were to pass, the housewife—the consumer of margarine—would, by necessity, be forced to get rid of her little spread dish and then go out and buy, if she could obtain it, a specially shaped dish to hold the margarine cut in accordance with the provisions of this amendment.

I ask that this amendment be voted down.

Mr. CORBETT. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, it is now proposed that since it is certain that the tax shackles on margarine are about to be taken off, that the opponents of margarine offer us some shackles that are not quite as onerous. Mr. Chairman, this whole debate illustrates just exactly why the Committee on Agriculture of the House of Representatives should not have abdicated its authority and closed down committee consideration of these margarine bills. Consequently, for the remainder of this day in this debate I am am going to urge that the House pass the bill as perfected and send it over to the Senate for committee consideration. The gentleman who just left the floor was fair in his approach, pointing out that he will allow time for retooling. He did not say much about how the additional cost would be compensated and why increased manufacturing costs would not increase the price. However,

how can we consider matters of the economic complexity of an amendment like this here on the floor? I am urging that this amendment and all similar amendments be turned down here and that the bill be sent over to the Senate where it can have committee consideration, which was refused in the House committee.

Again, however, in taking up this problem of trying to prevent fraud by changing the form, how easy it would be for the individual inclined to fraud to simply melt the product slightly and re-form it and establish it as something else. Secondly, imagine the Congress of the United States starting to legislate on the form of manufactured products. They will be coming in here with a bill after a bit saying that the cotton skirts should be short and the rayon skirts should have the "new look." Are we now going into the business of legislating the shape of manufactured products? This proposal, to me, is simply ill-considered.

Furthermore, if butter is the quality product, why do they not do what every other quality product manufacturer does and put their label and trade-mark on it to protect them and enjoy the protection of the copyright laws? Why should they penalize this product and say it has to take this form or some particular, peculiar shape?

The producers of butter have every right to mark their butter in any way they please, and they will be protected against imitation. Therefore, I believe that if there is going to be anything done in the way of distinguishing one product from another, which I believe in, we should utilize the copyright laws just as we should utilize the pure-food laws to bring about the necessary controls.

Finally, if there is going to be fraud and substitution, why is it going to increase so much just because a 10-percent tax is taken off? The differential now is 40 to 50 cents. Why is not fraud apparent at this time? Why is the repeal of a 10-cent tax going to change the American manufacturers, the hotels, restaurants, and storekeepers, into a bunch of crooks?

Mr. Chairman, I urge on this committee that they defeat this amendment and all other amendments similar to it, and send this bill over to the Senate committee, where it can have fair consideration of any and all proposals.

Mr. CASE of South Dakota. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CASE of South Dakota: On page 1, line 4, strike out the period and insert the following: "Insofar as it relates to oleomargarine sold in round or circular pats or prints."

Mr. HILL. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HILL. Is that an amendment to the amendment?

The CHAIRMAN. This is a perfecting amendment to the text of the bill.

Mr. CASE of South Dakota. Mr. Chairman, I am going to read the first two lines of the bill and then I shall read it with my amendment added, so

that it can be perfectly plain to everyone just what this does. The bill starts out:

Be it enacted, etc., That (a) section 2301 of the Internal Revenue Code (relating to the tax on oleomargarine) is repealed.

With my amendment it would read—is repealed insofar as it relates to oleomargarine sold in round or circular pats or prints.

I think that is all that is necessary here to accomplish the purpose that has been sought by the amendment offered by the gentleman from Colorado, which is, to make it perfectly plain that when oleomargarine is sold it is known as oleomargarine.

My amendment is considerably simpler than the amendment the gentleman from Colorado has offered, but if it should not be adopted I would certainly vote for the amendment offered by the gentleman from Colorado. I am not arguing against his amendment. The purpose is fine. I would point out, however, that there is a definite reason for using the round or circular form to identify oleomargarine rather than a triangle.

Two triangles pressed together at the hypotenuse of the triangle will make either a rectangle or a square. On the other hand, a circle is always a circle; if changed, it ceases to be a circle. Round is always round. The language of the amendment would apply whether the oleomargarine is sold in an original pound pat or in a small circular patty when delivered to the customer in the restaurant. A circle must always be round; it cannot become anything else and remain round.

How did I happen to think of a circle? Because I was trying to think of something that would suggest the word "oleo," and "O" is the predominant characteristic of the word "oleomargarine." The circular pat will suggest the "O" of oleomargarine. It does not require any lettering.

This idea would become effective as soon as the changeover was made in the form in which it was packaged by any particular producer. It does not require any date. It is self-enacting. As soon as the producer of oleomargarine sells his product in circular or round form, the color tax is off as far as he is concerned, and that is all there is to it. At whatever level the product is sold, whether in a restaurant or by the wholesaler or by the retailer, the round or circular form would say, in effect, "This is oleomargarine."

This amendment would eliminate the idea of fraud. It would permit the color if color is what you want. It avoids all of that argument about price and color, but it does protect the consumer against fraud. It puts everyone on notice indisputably that roundness may mean oleomargarine, and every person will then know what he or she is buying or getting.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. I yield to the chairman of the Committee on Agriculture, the gentleman from Kansas [Mr. HOPE].

Mr. HOPE. The gentleman's amendment, as I understood it, does not say what size these round prints of oleomargarine must be. Can the manufacturer make them as big as a barrel or as big as a basket? If they can be made as big as a barrel or anywhere in between those two sizes, then your restaurant keeper or anyone else can cut them into any shape that they want to and make it square.

Mr. CASE of South Dakota. No; the circular roundness would apply wherever it is sold to the consumer. It would have to be round clear down to the last cut or the last drop, which of course would be round. It would be round at the restaurant level. It would be round at the retail level, and it would be round at the wholesale level.

Mr. HOPE. The gentleman's amendment does not say that.

Mr. BREHM. It might also indicate the direction in which the House apparently is traveling on this issue—circles.

Mr. PHILLIPS of California. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. I yield.

Mr. PHILLIPS of California. Would your amendment permit triangular shapes or would it all be required to be round?

Mr. CASE of South Dakota. My amendment simply says that if oleomargarine is sold in round or circular shape then the tax for coloring does not have to be paid. That would apply to a restaurant or wherever it was sold. A stick of oleo would be round, not square; when sliced it would be in disks like a "tootsie" roll.

Mr. PHILLIPS of California. I might also say that it would take a very short time to get the machinery ready.

Mr. CASE of South Dakota. Yes; the gentleman is correct; it would take a very short time to get into operation.

The CHAIRMAN. The time of the gentleman has expired.

Mr. GROSS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this amendment should be defeated. I have had long experience in the packing of dairy products. The objection to round milk bottles was that a lot of space was wasted. The thing that has made the square paper container popular in the packaging of milk is that they can be packed tight. Thus a lot of expense and space is saved in packing and shipping. Therefore that amendment should be defeated.

The Hill amendment should be accepted.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. CASE of South Dakota. I would simply observe that most candy is round or cylindrical whether it is stick candy or gum drops.

Mr. GROSS. That does not enter into the problem of packing in the same way that butter or milk is concerned.

Mr. Chairman, the Hill amendment should be adopted. Certainly the dairy industry is entitled to that recognition, and the housewife is entitled to the protection that that amendment would give her. If you want the best example of the extremity to which the dairy in-

terests have gone in their efforts to supply good products, just drive out through the Washington milkshed and look at these farms. You will see a big barn that was built 30 or 40 years ago, which cost maybe \$10,000. You will see it there standing vacant because sanitary regulations have been enforced, and the farmer had to build another \$10,000 barn maybe right next to the old one. There he has to milk his cows. The old barn generally houses the feed. Maybe the silo is over there, too. In this new barn he could have his milk house, but regulations forbid. So he has had to build a milk house costing probably \$3,000, 50 feet away from the barn. He must carry each cow's milk as it is milked to the milk house and there strain it and put it in the cooler. The farmer has gone a long way to supply a good product and a healthy commodity. He has put his milk checks back into the preparation of a still better product all through the years. The two barns and milk house in many cases represent the worth of the farm. The farmer has put his dairy income back into the building of new buildings, which is made necessary by these new regulations. Certainly he is entitled to a little recognition so that when his product goes on the market the housewife is protected and knows she is getting butter when she asks for butter. The industry should be recognized to that extent, too.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. BUCK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I think there is some significance in the fact that everyone who has spoken in favor of this substitute voted against discharging the Committee on Agriculture from consideration of the oleomargarine taxes. I therefore have some question as to the solicitude of those gentlemen for the housewives who want colored margarine.

Of course, the July dating of the substitute would mean there would be no tax-free colored margarine for a year or 2 years pending manufacture of the very elaborate machinery necessary to package margarine in triangular shapes.

Of course, the worst feature of the substitute is the fact that it would raise the cost of margarine to the consumer. Many of us are favoring this legislation from the consumer angle. We want to keep the price of margarine low. Anything which would increase the price is therefore disadvantageous.

Now coming down to this question of the shape of the product, in order to protect the consumer against fraud, no law has ever required that a suit of clothes must carry a patch because it is not all wool. No law has ever required a pair of nylon stockings to carry a stripe because they are not all silk. Why were such requirements unnecessary? Because our misbranding laws are entirely adequate to protect consumers.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. BUCK. I prefer to finish my statement and then I will be happy to yield.

Of course, this special shape is not a protection. I understand that about half of all margarine and butter is used in the kitchen. If we are to carry this proposed protection all the way we would have to pass a law that eggs fried in margarine would have to reach the table in triangular shape; possibly we could go a little further and say that any cookie of which margarine is a component part could not be sold unless it is triangular in shape. Gentlemen, the substitute makes no more sense.

I now yield to the gentleman from Pennsylvania.

Mr. GROSS. Does the gentleman think that Coca-Cola people would be agreeable to having Pepsi-Cola sold in a bottle of that shape?

Mr. BUCK. That bottle is a registered trade-mark. It is an entirely different situation.

Mr. GROSS. But you were talking about going into a clothing store to buy a suit of clothes and looking for a label to see whether it is labeled all wool or shoddy or whatever it is.

Mr. BUCK. In the same way, when you buy a package of margarine it is marked "margarine." When you buy a suit of clothes you need not wear a label on the outside of the suit to set forth that it contains something other than wool.

Mr. COOPER. Mr. Chairman, will the gentleman yield?

Mr. BUCK. I yield.

Mr. COOPER. Does the gentleman think the consumers of this country must have all of these designs and shapes to let them know what they are buying? They know the product they are buying when they call for it.

Mr. BUCK. They certainly do.

Mr. COOPER. They are not so easily deceived as some might seem to indicate.

Mr. BUCK. The gentleman is correct.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. ABERNETHY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I wish to call attention to something that has not been touched on with reference to these amendments. There are a few who have expressed themselves in favor of the amendments, assuming I presume that the amendments would be acceptable to the dairy industry. If they are not acceptable to the dairy industry, then I am confident they would not be acceptable to you who support them.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. ABERNETHY. I yield briefly.

Mr. HOPE. I think everybody in the House has a letter from representatives of the dairy industry saying that they will not accept any amendments. They do not want any amendments.

Mr. ABERNETHY. That is right.

Mr. HOPE. As far as I am concerned I have no idea whether the dairy industry will accept this amendment or not.

Mr. ABERNETHY. The gentleman has anticipated me.

In a general letter on April 22 the National Cooperative Milk Producers' Federation, which incidentally represents

more dairy farmers than any other association in the country had this to say:

Can there be a compromise on the pending oleomargarine legislation? The answer is "No."

And they print the word "No" in capital letters.

I hope this satisfies you that the milk producers are not accepting the amendments. They definitely say that no amendment is acceptable.

Mr. HOPE. Mr. Chairman, does not the gentleman think it is up to this House to decide what legislation shall be passed rather than that some outside organization should dictate to it?

Mr. ABERNETHY. I agree with the gentleman, but I want to go further. These amendments should have been submitted to the Committee on Agriculture. It is now too late. The door has been locked. Certainly our committee should have asked the margarine people to appear and be heard as to whether or not they could gear their machinery to comply with the regulations required by the amendments.

The purpose of these amendments is to prevent fraud. Ninety percent of the margarine is sold in packages which go into homes marked "Margarine." There can be no fraud there. None at all. So in your effort to prevent fraud which is possible in only 10 percent of the sales, you would apply the preventive measures to the other 90 percent wherein fraud is impossible. This is not the positive manner in which we should go about it.

If the butter people who contend that their product is so much better than margarine would only mark their own product that would be the positive means of safeguarding butter's alleged superiority over margarine and prohibit fraud. The Bayer aspirin people do not ask that their competitors be required to put a sign on their aspirin. Bayer is so proud of its product that they emboss the word "Bayer" across the face of each tablet. If the butter people want their product identified, if they want it held up to the world as the best product why do they not so label it, rather than insist that their competitors label their product to the effect that it is not butter? Why do they simply not emboss on every pound, on every mold or patty of butter the legend "This is butter, accept only the genuine?" That is the usual method exercised by various and sundry competitive products in this country. But here we have the butter people advocating a negative method, a back-door method, while all other competitive products exercise the positive method, that is, they mark and identify their own products and are glad to do it.

The amendments should be defeated.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. RIVERS. Mr. Chairman, I wonder if we could not arrive at some agreement as to time?

I ask unanimous consent that all debate on the pending amendment and all amendments thereto close in 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

Mr. MACKINNON. Mr. Chairman, I object.

Mr. RIVERS. Mr. Chairman, I move that all debate on the pending amendment and all amendments thereto close in 25 minutes, the last two reserved to the committee.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. AUGUST H. ANDRESEN. If the motion prevails and the substitute adopted does it mean that it will preclude further amendment to the adopted substitute?

The CHAIRMAN. The gentleman is correct.

Mr. AUGUST H. ANDRESEN. Then, Mr. Chairman, the further parliamentary inquiry: Would that eliminate all opportunity to offer amendments to the bill?

The CHAIRMAN. The gentleman states the situation correctly.

The question is on the motion.

The question was taken; and on a division (demanded by Mr. RIVERS) there were—ayes 91, noes 101.

So the motion was rejected.

Mr. HOFFMAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the plain implications of this proposed legislation do not bother me at all. My farmers make butter. When they choose, they sell it to the city folks who have sufficient money and who desire to buy it at the present so-called high price, and in turn the farmers, when they desire, buy oleo because they are thrifty. So you see I am in the clear. I cannot please all—can only vote for the legislation I think to be of greatest benefit to the people as a whole.

I am somewhat amazed at the attitude taken by some of my Republican friends. I do not want to be critical, I do not want to scold, I do not want to find fault, but I do reserve the right to call the attention of my good friends on the Republican side of the aisle to the fact that for years through protective tariffs we have protected and subsidized industries in the cities from which they come. We pay tribute through a tariff for every shirt we wear, for every coat, every pair of pants, and every pair of shoes we wear to the industrialists in the manufacturing cities. Now, when it is proposed to continue protection to the farmers you turn on us and say that the dairy farmers shall be discriminated against in favor of the industries of the South.

I understood when this debate started those who favored repeal of the tax on oleo were on a sort of a holy crusade for the benefit of the housewife and her family. My friend who introduced this resolution sings us such a sweet song and plays such good music that he has some ninety-odd Republicans on his petition. He was speaking in favor of the consumer. His heart was bleeding, his tears were flowing for the consumers, for the housewife. He could not say anything except for the consumers. I have been under the suspicion, however, as the debate went along that he and some of his supporters—and it is their right and privilege—have been talking not so much in favor of the consumers as in favor of

the cottonseed-oil interests and the interests of the producers of other ingredients that go into oleo and principally in favor of the oleo manufacturers.

Why do I reach that conclusion? I reach it because of their opposition to the so-called Hill amendment and because of their opposition to the Case amendment. They are not content with—I will not say stealing—permitting the oleomargarine people to take the butter market, which has been built up by the dairy interests, through the use of coloring—and a good, wholesome product; they are not content with that—turning that market over to the oleo boys—but when we offer a proposition which will prevent fraud, which they say they want to prevent, by prescribing the shape of the marketed article, then they say “No.” Which leads us where? To the conclusion that they are not primarily nor wholeheartedly interested and only in favor of preventing fraud, but they are interested in creating a market for the things that the South has to sell, and they are interested in protecting and increasing the profits of the oleo interests. Now, as I say, I do not know whether they know what they are doing or not, but that is just exactly what the debate discloses they are doing.

I close by saying to my Republican friends from the great industrial districts, it is all very right for you to listen to these lobbyists now, to these southern gentlemen who are talking and voting for their own industries, who are making a drive for your industries, but you will need some of these votes from the Middle West when the time comes for the November election, and you will need support from the rural communities in order to protect your constituents. I will say this to the gentleman from Indiana [Mr. MITCHELL], who is on his feet: You have been in a position of saying, “Let the States do this, that, and the other.” Why do you not let the States pass on the question of tax and color? The answer is, No; in one instance they want the Federal law, not the State law. They want Federal law when it serves their purpose, the purpose of the oleo manufacturers, and they do not want it when it would protect the dairy interests.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. GRANGER. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, I really did not intend to have anything to say about this legislation, because you have thoroughly, I think, discharged me from any responsibility for this bill. I am not going to do anything to injure it or improve it. I have tried to find out whether this was an economic question or whether it was a political question. I admit that I have a stack of telegrams and letters a foot high in favor of this legislation, and very few opposed to it, this makes it a political consideration with me. I am evidently flying in the face of considerable opposition, but I think this supposed uprising has been created by the expenditure of millions and millions of dollars by the oleo interests. I do not believe any Member of this House is influ-

enced from that angle at all, but I do say that these people who have been trying to sell this fraud upon the American people have gone out to the grass roots and have deliberately engineered all the petitions for the passage of this legislation.

My colleagues on this side, I cannot understand your attitude. You have sat here for 16 years, with anywhere from 5 to 10 majority on the Agricultural Committee, and you have never raised this question before. I know that it may have been because our committee has been stacked with membership that has been located in the sphere of the solid South. There never has been a time since I have been here when there has been a single solitary Member on the Democratic side out of the influence of the South, west of the Mississippi River, except myself and one other, and none north of the Border States.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. GRANGER. I yield to the gentleman from North Carolina.

Mr. COOLEY. Did the gentleman make the statement that the House Committee on Agriculture had not raised this question in the last 16 years? If so, I should like to remind the gentleman that in 1943 I had a bill before that committee and we had 62 witnesses in behalf of the bill, and not a single witness was called in opposition, yet we were denied the privilege at that time of ever discussing the matter on its merits.

Mr. GRANGER. Yes, I know that, and you simply considered the oleo question too hot to handle. That was the trouble.

Mr. COOLEY. No. The thing about it was that the opponents of the bill looked at us and said, “We have got the votes, boys; call the roll.” They did not even call a single witness to testify in opposition to it.

Mr. GRANGER. I do not complain at all because some Members are trying to find out new ways and new uses for cotton. I do not object to that at all. But I do think there is no reason why any Member of this House who neither has cotton nor has an oleo production plant in his State or in his district should desert one of the basic industries upon which our economy is built, and that is the dairy industry. Why should I, in spite of what the consumers in my district say, promote an industry on the Atlantic seaboard when the only thing it can do to me, if it does anything at all, is to destroy that basic industry? I am just not going to do it, and I do not care what the political consequences are. I have to maintain and keep those industries that pay the county taxes, that build the roads and operate the schools.

Mr. JOHNSON of Illinois. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I support the Case amendment.

There have been some very unkind things said during this debate in the few days this bill has been before the House. The debate has dropped to a low standard. I know many of us regret some of the things that have been said. The basic thing is that this is a fight between butter and an imitation whose producers have practiced deception all

through their program. They have deceived the public and the housewife by making her believe, when it is absolutely not a fact, and the press has been filled with stories of this deception, that oleo is a natural yellow color. This is not true. You cannot make an edible or marketable product from domestic oils and have a natural color.

However, this is a new low in unfairness by the margarine people. I am going to quote an excerpt from the New York Herald Tribune of April 23. It is bad enough to let this fight go on between oleo and butter, but when margarine goes in competition with a house of worship on Sunday mornings at the hour of worship, 11 o'clock, that is a new low.

Free for all—free margarine is being handed out at church time Sunday. The first 3,000 women to visit the Museum of Science and Industry at 30 Rockefeller Plaza opening at 11 a. m. will receive a pound of margarine donated by members of the National Margarine Association. Inside the museum door will be waiting a poster several feet in height. Won't you sign your name here along with the plea for colored margarine, without the restricting taxes? The poster with the petitioners' names will be air-expressed to Washington to speak its piece Monday when the Rivers bill for the repeal of Federal antimargarine restrictions comes to the floor of the House for vote.

This is the first time in 63 years that pro-margarine legislation has come to a vote, giving consumers a chance for action on the tax question. Here's your chance, ladies, to throw a little weight on the matter. And free margarine is yours for the bother, that is if you are one of the first 3,000 Sunday visitors through the museum doors.

That is put on in competition with the Sunday hour of worship at 11 o'clock a. m.

Mr. COOLEY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, frankly I did not intend to have anything to say during this debate, but my colleague, the gentleman from Utah, stated to the House that this was a hot potato which the Democrats were unwilling to embrace during the long time that we were in charge of the House. The fact is that we did have in 1943 several bills pending before our committee, one which I had introduced myself. I know that we examined 62 witnesses who came from all parts of the United States and when we had finished the hearings some gentlemen on the committee suggested to the chairman, who at that time was a Democrat, that the opposition had the necessary votes to defeat the pending measures and that they did not want to put the opposition to the tremendous inconvenience and expense of coming all the way to Washington to testify concerning the merits of the proposition then under consideration. Consequently he asked to have the roll called and they did defeat the pending measure. My recollection is that the vote was about 13 to 14. The very distinguished and beloved friend of mine from Utah was then a member of the committee, and he along with one other Democrat voted with the Republicans and the measures were defeated. They defeated them by tabling further consideration of the bills. At this session of Congress my recollection is that there were 19 bills pending before our committee. This time

the opponents were not quite so sure about their position. They were not so certain about it, so they did call the opponents. I am frank to say, and I agree with my chairman, that the hearings were full and complete, and so far as I know, entirely satisfactory. After we had finished the discussion and consideration of the bills on the merits, instead of taking a vote they dodged the issue. I was the one who said, "Now is the time to stand up and be counted and say whether we are for or against this proposition." But, no, the motion prevailed, and the bills were tabled. I want to say to the Congress and the country that not a single one of those 19 bills has ever been read in the committee room. They were not read and they were not considered. They were tabled. After they were tabled, in an effort to build a storm cellar, somebody on the committee moved that the chairman be authorized to appoint a subcommittee to further study and consider the matter which had just been fully explored by witnesses from all over the country who had testified on both sides of the proposition.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. GROSS. If you were so sincere then, why did you not drag a petition out here and do just what you have done now?

Mr. COOLEY. Frankly, the gentleman knows that I did not put this petition on the desk. In fact, I was very reluctant to sign the petition. I signed it, I think, as the 213th Member. I do not believe in petitions any more than the rest of you. I had never signed one before in my life and I am not going to let this be a precedent. When I signed it, I felt I was doing the right thing because the country has not had an opportunity to consider this matter for about 62 years. It seems to me that the Congress has the intelligence and the fortitude necessary to consider all issues regardless of whether they are hot or cold.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. Of course.

Mr. HOFFMAN. If you think the Congress has that, did you think they lacked it during the 10 years you were in control?

Mr. COOLEY. I want to say this to my friend, it is not here now by a petition signed by Democrats alone. It was brought here by intelligent Republicans who were not willing to duck the issue because of political cowardice.

Mr. HOFFMAN. Right you are.

Mr. COOLEY. They brought the issue out in the open and now we have it before us and now is the time to stand up and be counted.

The CHAIRMAN. The time of the gentleman from North Carolina [Mr. COOLEY] has expired.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, I am very glad to have the opportunity of following my distinguished colleague the gentleman from North Carolina [Mr. COOLEY], who is

credited with being the man responsible for bringing this legislation out of committee by the petition method. That information has gone all over the country. I want to commend him for his denial of responsibility for it, because I think the responsibility belongs to the gentleman from South Carolina [Mr. RIVERS], who is always willing to share his glories with the gentleman from North Carolina. But I think the gentleman ought to correct the RECORD so that the country would know, and particularly the women of this country would know that the gentleman did not have very much to do with it, because his signature was No. 213 on the list, and because he was so reluctant to discharge his own Committee on Agriculture.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. COOLEY. I would like to agree with the gentleman. The gentleman knows I have never attempted to claim any credit whatever for bringing this bill to the floor, other than placing my name on the petition. I am willing to give full credit to my distinguished friend from South Carolina [Mr. RIVERS].

Mr. AUGUST H. ANDRESEN. I know the gentleman is a busy man and I will take him at his word; but I would like to ask him and his colleagues on the Democratic side what did you do in 1933 and 1934 when you had a large majority in Congress? Did you bring this oleomargarine legislation up, when you could have put it through as a piece of must legislation? Oh, no. You did not touch it. What did you do in 1935 and 1936? Did you bring it before the Committee on Agriculture for a hearing? Did you ever even introduce a bill? Oh, no. Why? The first thing you wanted was to get the vote of the dairy farmers of the Northern States. Of course, that is what you wanted. It was a hot potato and you did not touch it. You were more interested in politics than you were in the welfare of the housewives of this country, and in 1940 you dropped the subject of oleo in the interest of the third-term candidate and political expediency.

Mr. COOLEY. Will the gentleman yield?

Mr. AUGUST H. ANDRESEN. What did you do in 1937 and 1938? You did not touch it then. And in one of those Congresses we only had 89 Republicans here while you had the balance of the 435. Still you did not touch it. It was a hot potato and you were more interested in playing politics and in trying to get the votes of the farmers of the Northern States than you were in giving relief to the housewives for whom you plead today.

Mr. COOLEY. Will the gentleman yield?

Mr. AUGUST H. ANDRESEN. Surely.

Mr. COOLEY. Has there ever been a time during all those years when we had enough votes on the committee to bring that bill out?

Mr. AUGUST H. ANDRESEN. Oh, you had enough votes on the floor of the House to bring out petition after petition, but from the top of your leadership down, for the first time in the history of some of your States, this is the

first time you voted to discharge one of the responsible committees of the Congress.

Now I do not want to be critical of my good friend from North Carolina nor do I want to be critical of any of the other Members, because you have a right to do as you please and to think as you please and to vote as you please. You have the votes to pass this bill, I concede it to you. If you want to harm the dairy industry of the United States that is something for you to decide.

We work very much in harmony in the Committee on Agriculture. We even went so far back in the thirties that we let the gentleman from North Carolina write the complete ticket for the tobacco industry of the United States. Yes, we did; and he will not deny it. He certainly did a splendid job, and he is still functioning in the interests of the tobacco industry. One of the master strokes that he attempted and succeeded within the past 6 or 7 months was to include nearly a billion dollars worth of tobacco in the Marshall program to be given to the various countries of Europe not as a necessity, but something to satisfy a habit. And all at the expense of the American taxpayers.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. ELLIOTT. Mr. Chairman, I rise in opposition to the pro forma amendment.

The CHAIRMAN. The gentleman from California is recognized for 5 minutes.

Mr. ELLIOTT. Mr. Chairman, I did not intend to talk on this legislation until I received a letter from one of the creameries in my State after they had endeavored to have a national magazine print their answer to an article criticizing their stand on this issue. The Challenge Cream and Butter Association sent a letter to Life magazine. The magazine refused to print the letter even though they had made what I think was an unfair statement. I was asked to have the letter from the Challenge Cream and Butter Association of my State placed in the RECORD, and this I will do.

Let me say, Mr. Chairman, that in my congressional district I have both cotton and dairy industries. My district produces more cotton than the rest of California together and one of the counties in my district set a record for more cotton than any other county in the United States. We produce it in large quantities. There are areas in my district where the cotton yield is from five to six bales per acre and the average is more than one bale per acre wherever planted.

I do not believe we are approaching this legislation in the right way. Here you have two great industries that should be partners. One reason why cottonseed is so scarce today is not because it is being used in the production of oleo, but because cottonseed is being fed to dairy and beef cattle. That is the reason cottonseed is so high priced at the present time. It is one of the concentrates that is used to produce more butter, milk, and dairy products in my State, and I think

in every State where these products are produced. There is a time of the year when not so much milk is consumed and they manufacture butter and place it in storage until it is needed.

We all know that butter is one of the finest things produced. Man eats it from childhood. I did not hear of oleo being rationed during the war period, but everybody was scrambling for butter, and I have sat at the table in the House restaurant downstairs and heard Members at my table and at adjoining tables complain about the difficulty they had in getting sufficient butter. Mr. Chairman, we have an industry we should protect, and I am very fearful that the legislation we are about to adopt will, through the years, prove to be injurious to the dairy business. After all, by protecting the dairy industry we are preserving the welfare of the people on the whole because there is no substitute for milk and its byproducts. The dairy industry provides steady employment the year around in contrast to the seasonal employment of about every other form of agricultural endeavor.

The dairy cows are on the farm from one year until the next to be taxed, while the bales of cotton are moved before tax assessment time, and therefore the greater part of the tax is borne by the dairy farmer. I have supported legislation time and again for the cotton farmers and will again, but I believe this is unfair to the dairy farmer, and so I will vote against it.

How many of you Members of the House here have gotten up at 2 o'clock in the morning and milked a string of cows by hand, then have taken your milk to the creamery and returned in the afternoon at which time you would have to go through the whole performance again, finishing your work at 8 or 9 o'clock at night? I have had to do that. The first money I ever made was from milking cows. I have milked as many as 35 cows by hand, not just 1 day but every day year after year. I know something about both of the products that we are talking about.

In my congressional district we produce cotton fiber and cottonseed oil.

Mr. Chairman, the letter to which I referred earlier in my remarks follows:

MARCH 17, 1948.

The Editor, LIFE MAGAZINE,

Time and Life Building, New York, N. Y.

DEAR SIR: It was with considerable regret that we read your editorial contained in Life magazine of March 8 wherein you took definite sides on an issue on which apparently you were not too well informed. You and many others apparently have been misled to the effect that if the 10-cent tax on butter-colored oleo were repealed that this would permit a reduction in price to consumers of oleo. About the only thing that would result would be that the same oleo, now produced, would be colored to imitate butter at no reduction in price to consumers, from that now being paid for uncolored oleo. Consumers today can buy all the oleo they choose and certainly the addition of coloring would not reduce the price to the consumer.

Food is a most important item in the world economy today, and anything that would be done that would threaten to reduce the production of such an important food item as dairy products, certainly does not appear to be good business at this par-

ticular time. Yet this could happen, if oleo, masquerading as butter, were to an even greater extent replace butter.

It has been argued that milk production should only be sufficient to take care of fresh milk and cream demands, evaporated milk, cheese, etc., yet with milk production very seasonable, actually a surplus is necessary to be produced in the spring months, if sufficient production is to be available in the fall months. This is particularly true with respect to fluid milk, as it is impossible to store fresh milk in the spring to have sufficient available as fresh milk in the fall and winter. Butter, therefore, acts as a reservoir, and the price obtained by the farmer for butter to a great extent determines the price of fluid milk. If he must obtain a sizable reduced income for his surplus then it would probably follow that he must receive more for his milk used as fluid milk if he is to continue in production, or the other alternative, reduce his production so that he has little or no surplus in the spring, in which event there would be a definite shortage of fluid milk in the fall and winter, in this latter instance, where demand would exceed supply, it is quite probable a consumer of fluid milk would have to pay a greater price for their fluid milk.

There are numerous arguments that could be added, which you no doubt are conversant with by this time.

It is regrettable that a magazine like Life would take sides on an issue of this type involving not only the very economy of all the dairy farmers in this country, but one that could be very disturbing to the food situation throughout the world.

Very truly yours,

CHALLENGE CREAM AND BUTTER ASSOCIATION,

L. E. EVANS, General Manager.

Mrs. ST. GEORGE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have listened with great interest to the eloquence of this debate. So far it seems to me that we have gone far afield from the actual point.

First of all, if this legislation is passed without amendment, we will be going back on the idea of protection that has always been one of the basic foundations of our economy and one of the reasons for our high standard of living. It is perfectly obvious to those who come from dairy districts that the dairy industry needs and requires protection at the present time.

I would like to call the attention of the Members of the House to something that I read just the other day in a local paper. It is entitled "Oleo Leads Butter," and is as follows:

OLEO LEADS BUTTER

More oleo than butter was produced in the United States in February, Government figures showed today. Oleo production totaled 80,418,176 pounds for the month, an increase of 12,668,098 pounds over February 1947. Butter production was estimated at 77,145,000 pounds, a decrease of about 20,000,000 pounds from February 1947.

Mr. Chairman, I do not believe anyone in this House wants to see the dairy industry in this country crippled and ruined. On the other hand, after listening to the protagonists of oleomargarine, it seems to me that that product should be held up to the world for what it is and that there is only one color which describes it—virgin white. After all, if it is so good, why does it have to adopt another color? If it is so perfect, why does

it need all this assistance? You are paying only half for it right now. What more do you want?

The thing the dairy farmer in this country today is up against is high prices and high wages. Cows are feminine, and like all things feminine, it takes a lot of hard work if you want to keep them. You cannot do without them, and they do not like cheap competition. So, I repeat, the dairy farmer is up against it.

Surely there is nothing unfair or unusual in continuing the taxes as they have been, and, as has been so well pointed out, as they have been for the last 60 years or more.

The relative nutritional value of oleomargarine and butter has no bearing on the repeal of the oleo statutes. Even if oleomargarine were identical in nutritional value with butter, the repeal of the laws would set a dangerous precedent. Such actions would establish the philosophy that an imitation food product achieves full legal legitimacy if it is nutritionally equivalent to the product it imitates. The floodgates would be down to a whole category of simulated dairy products such as filled cheese, filled ice cream, and filled milk. Our standards of food products would be undermined. Imitations and substitutions would take over our food industries.

Other imitations of butter are taxed now. Adulterated butter—which, like oleo, is an imitation of good butter—carries the same per pound tax and the same manufacturer's, wholesaler's, and retailer's occupational taxes as does colored oleo. Renovated or process butter carries the same per pound tax as uncolored oleo. There is no reason why an exception should be made for oleomargarine.

Oleomargarine already has been given competitive privileges which are denied butter. It may be "fortified" with vitamins, flavored with butter flavor, and preserved with benzoate of soda. None of these—nor any other extraneous substances—may be added to butter.

Uncontrolled and ruthless competition of a low-cost product in almost identical imitation of butter would hurt butter prices and drive many farmers out of dairying. Unfortunately those who say "Let the consumers drink milk" do not have the answer to this dilemma.

To have enough milk to meet fluid demands in the slack season requires more than enough milk in the flush season. Some of this excess must go into butter. Without a butter outlet farmers would cut their herds to the point where there would be insufficient fluid milk in the slack season. Cattle numbers would continue to decline. In the final analysis the question is whether America is to continue its meat and milk products diet, or revert largely to a grain and field crop subsistence.

The gentleman from Colorado's amendment seems to me eminently satisfactory to the dairy farmers because by a simple device it makes it impossible for oleo to pass itself off as butter. That is what we want to prevent, no more, no less. Surely in all fairness no one can object to the truth. If oleo is so good, so pure, so healthful as all the eloquent speeches made on this floor attest,

why not proclaim it to the world? All we ask is that oleo be known as oleo and butter as butter.

CONSUMERS WILL BE HURT BY OLEO LEGISLATION

Mr. MACKINNON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, much has been said about fraud on the consumer but also involved as a reason for this law is the prevention of unfair competition and the implications of unfair competition in this field have greater effect on a larger segment of our population than is true with respect to any other article that I know of. The problems presented by imitation butter are unique in the field as to character and degree and are not suitably handled by any Federal law on the statute books. This bill has been sold to many of the public on the strength of the fact that it would aid the consumer by reducing the cost of living. Propaganda to this effect has been circulated primarily in the city areas of our Nation and that concerns me directly because approximately one-half of those who live in the district I represent live within the boundary of the city of Minneapolis and each of those in this group as well as many others in the district I represent would naturally be interested in legislation that would cut the cost of living. This situation has caused me to carefully investigate the claims that have been made with respect to this measure to see if they will actually be realized if the bill before us is enacted into law. I am sorry to relate that I find the claims that are made in this direction are deceitful and untrue and that we have before us in this legislation nothing that would aid any consumer in my State and nothing that would aid 90 percent of the consumers of oleomargarine in America. For this reason it is clear to me that this legislation should be opposed if for no other reason than the fact that it is not honest legislation.

I have before me the editorial which appeared in this morning's Washington Post. This paper has supported the legislation in question, but they have suddenly awakened to the fact that the claim that it would benefit the majority of consumers is false. This editorial states:

It should not be forgotten that abolition of the 10 cents per pound Federal tax on oleomargarine will confer no benefits whatever on the great majority of the consumers.

The reason this legislation will confer no benefits whatever upon the great majority of consumers is that 90 percent of the oleomargarine that is consumed in the country is not subject to the 10-cent tax. The editorial further goes on to state:

Moreover, in this period of scarcity and obviously high butter prices there is a real danger that elimination of the 10-cent Federal tax on colored oleomargarine may not have the desired effect of reducing margarine prices even in the areas where it can be freely sold. For, as noted in the course of the House debate, margarine producers would probably sell the colored product exclusively if relieved from payment of the extra tax on it, and it might well be that they would take advantage of the opportunity to boost the price above those previously charged for the uncolored products.

My study of the matter has convinced me that the situation the Washington Post refers to is sure to arise and that this legislation will increase the price of oleomargarine to 90 percent of the consumers and not decrease it.

In support of this, the editorial further notes:

As the present spread between prices of the colored and uncolored products in some places, Washington, for instance, exceeds the amount of the 10-cent tax, the danger is by no means imaginary.

Of course it is not imaginary. It is actual, tested, and proven, and this bill will raise the price of oleomargarine to 90 percent of the oleomargarine users in America as sure as the sun will rise tomorrow. Is that what you want to do? That is what will be done and that is what the oleomargarine lobby wants to do and that is the reason they have spent over \$6,000,000 in their advertising campaign in support of this legislation.

OLEO LOBBY SPENDS MILLIONS

Is there any person so naive in this House as to believe that the oleomargarine lobby has spent in the last year \$6,000,000 in advertising to drum up support for a law so they can sell their product at less profit to themselves than they presently enjoy? It is as plain as day that they are motivated by increased profits and these will only be obtained by selling their product to the consumer at a higher price.

There is an additional aspect of this legislation which has been touched upon briefly but which needs elaboration. Permitting the deceitful imitation of butter will interfere with the butter market and hence the market the farmer enjoys for his butterfat. Since butter is the end product of milk when the market for butterfat is removed or seriously interfered with, the farmer will be forced to increase the price of his milk to the consumer if he is to make ends meet. The price of meat would also be increased because dairy operations would be decreased and thus the amount of beef and veal which presently comes as a result of dairy operations would be cut down at the livestock markets. At the present time 42 percent of our beef and veal comes from dairy operations.

BILL WOULD INCREASE PRICES

So the net result of this legislation in the long run will be to increase the price of oleomargarine to the majority of consumers, to increase the price of milk, to increase the price of meat, and if that result is a benefit to the consumers I fail to see it. The only people in America who would benefit from this legislation would be the oleomargarine manufacturers and they would do so at the expense of the consumers and to the detriment of the dairy farmer's honest market.

TAX ISSUE A SHAM

In this legislation the tax issue is only a sham since the tax is not paid in 90 percent of the cases. The only issue is whether or not they are going to permit the oleomargarine manufacturers to artificially color oleomargarine to imitate butter. I can well appreciate that peo-

ple from various districts might be influenced in the decision they make on this point by what they consider to be best for their own individual district, but in my position I am forced to decide this on the basis of what is fair and right because I have both groups, and it is my conclusion, and I urge it strongly on the House, that to permit the artificial coloring of oleomargarine and to permit the sale of oleomargarine under such circumstances that it cannot be distinguished from creamery butter is a fraud on the purchaser and is unfair competition which the farmers of this Nation should not be required to face. It reminds me pretty much of Henry Wallace running around the country saying he is just the same as Roosevelt. You know and I know that is not true. He is far from the real McCoy and oleomargarine is far from the real McCoy and people have a right to know the difference.

OLEO NOT EQUIVALENT OF BUTTER

In my study on this matter I have gone back to the debate which occurred in Congress over 9 days in 1886. The claim was made then as it is made today that oleomargarine was just as good as butter. We know today that statement was untrue and false because we have found, through scientific research, things today which we did not know in 1886 about the nutritional qualities of various foods. So if any person were to sell oleomargarine in the form in which it was prepared in 1886 today and claim that it was just as good as butter he could be sued and convicted of fraud. The same would be true of oleo as made in 1920. The only reason they could not be sued and convicted in 1886 or 1920 was because they were not able to prove it because they did not have the scientific knowledge. Now, today, we have exactly the same claim made—that oleo is just as good as butter, but what they really mean is that it is as much like butter as they are able to make it. I venture to predict that as scientific knowledge develops in the nutritional field, we will find that oleomargarine being sold today is also deficient in supplying equal nutritional value with butter just the same as it was in 1886 and 1920, although some improvement has undoubtedly been made in this field. I think it is a fraud of the worst sort to permit oleomargarine to be palmed off on the public under such claims just because a lack of scientific knowledge makes it impossible to prove the fraud. I believe it is essential that this Congress, if we are going to protect the public interest, prohibit this deceitful imitation of butter. It seems to me that the reasons advanced by President Grover Cleveland when he signed this legislation are equally sound today. At that time the President of the United States said:

If the existence of the commodity taxed, and the profits of its manufacture and sale, depend upon disposing of it to the people for something which it deceitfully imitates, the entire enterprise is a fraud and not an industry.

PROMOTE SOIL CONSERVATION

We should encourage balanced agriculture instead of discouraging it and

while you and I might think soil conservation is quite new, this was one of the original reasons advanced by the committee in 1886 for adopting this legislation. I quote from the report on H. R. 8328, Forty-ninth Congress, first session, which was the oleo bill. Report No. 2028, dated April 28, 1886, signed by Mr. HATCH, from the Committee on Agriculture, that—

The dairy interest is a necessity to all other branches of agriculture as it is the cheapest and most reliable means of producing or continuing the conditions of soil necessary to the production of crops of grain and grass.

That is even more true today and more true in the South than in the North, because cotton raising has depleted the fertility of the soil.

Mr. PHILLIPS of California. Mr. Chairman, I move to strike out the last two words, and ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. PHILLIPS of California. Mr. Chairman, it seems to me the gentleman from Colorado [Mr. HILL] and the gentleman from South Dakota [Mr. CASE] have offered us a choice of solutions of the situation that exists before the House at the present time. Either amendment would provide a means of identification other than a little printed placard which the restaurant keeper hangs back of the coat rack or back of the coffee urn, where, if you want to hunt around the restaurant, you may be able to find it. This is a simple and understandable proposal that oleo, if it is oleo, be of one shape upon the restaurant plate and butter be of another shape, irrespective of the color, which, Mr. Chairman, as you know, is the only argument before the Congress. If a proposal were made here to take away the taxes but not permit oleo to color its product yellow, there would be the same opposition from the manufacturers who today support this bill.

I think the gentleman from Illinois [Mr. JOHNSON] must have referred to the same thing I have in my hand, regarding the statement in a radio broadcast by Mr. Lyle Van, in which he says:

Just to remind you that Sunday is National Margarine Day, and here in New York it will be observed at the Museum of Science and Industry at Radio City. As I have told you, the first 3,000 women who attend will each be presented with a pound of colored margarine. There'll be a margarine-mixing contest between housewives and glamour-girl models—and, if you please, I'm to be one of the judges. The proceeds of the day-long program benefit the American Cancer Society.

Then I would add briefly that everyone who received a pound of margarine must have signed a petition to Congress asking them to take off this tax.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. PHILLIPS of California. I yield.

Mr. KNUTSON. Was that contest open to Members of Congress?

Mr. PHILLIPS of California. I am afraid not. We are not glamour girls or housewives—with the exception of the gentlewoman from New York.

The argument has been advanced here by some of the opponents of the amendment that it will take years to make the needed changes in the machinery. I took it upon myself to call up and find out just how long it would take. It will take no time at all to change the cutting machinery because it would be a wire-cutting process and the change in shape could be made in a couple of weeks, and it might take 2 or 3 months to get the wrapping machinery changed. It is a very simple solution, and I hope the amendment will be supported.

Mr. MITCHELL. Mr. Chairman, will the gentleman yield?

Mr. PHILLIPS of California. I yield.

Mr. MITCHELL. Where does the gentleman get this information?

Mr. PHILLIPS of California. From the manufacturers of the machinery.

Mr. MITCHELL. That is wonderful.

Mr. CURTIS. Mr. Chairman, will the gentleman yield?

Mr. PHILLIPS of California. I yield.

Mr. CURTIS. From listening to the arguments of some of the proponents of the bill, I get the impression that it would be an operation at least similar to converting from peace to war by American industry. It would not take that long, would it?

Mr. PHILLIPS of California. Not that long.

Mr. RIVERS. Mr. Chairman, will the gentleman yield?

Mr. PHILLIPS of California. I yield.

Mr. RIVERS. What would the gentleman suggest that the poor people of this country eat in the interim?

Mr. PHILLIPS of California. They would continue eating what they are now eating. They seem to be eating all the oleo that is manufactured and all the butter that is manufactured. I do not think that this bill is going to do anything but raise the price of both oleo and butter to the consumers.

Mr. O'HARA. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, during the time that I have had the privilege of serving as a Member of Congress, I have never felt that sectionalism or provincialism should enter into the decision of any question that comes up in the Congress. I have repeatedly found myself on the same side as some of my colleagues from the South in problems affecting cotton and tobacco, for example. I have tried to adjust my thinking and decide how I should vote on the basis of what is best for the people of this country as a whole. Our distinguished colleague from Utah [Mr. GRANGER], who spoke a few minutes ago, said that there were perhaps only two questions involved, one political and the other economic, in this question. I should like to suggest to the Members that there is still another problem involved which is of equal importance to us in this question, and that is the question of health. If any of you have sat on committees having to do with health laws such as the Committee on Interstate and Foreign Commerce, you realize the importance of the present tax so far as the regulation of this business is concerned. Without the help that this tax affords, the enforce-

ment machinery of the Government is going to be very seriously impaired. At the present time I am informed that there are 26 companies manufacturing oleomargarine. I say to you, as a statement coming from those whose duty it is to enforce the laws of the country, that if there were no tax at all on colored or uncolored margarine, oleomargarine will be made in every back alley in this country.

Mr. MITCHELL. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I cannot yield now. I should like first to complete my statement.

I hope the gentleman is not offended at that, because it is a fact in my book, and it will be a fact if you take this tax off. The mushrooming of these small companies which will be making poorly refined and adulterated oleomargarine in order to cash in on this new market which will be created if you pass the amendment offered by the gentleman from South Carolina will be enormous. So I say to you while you are considering this problem, you also should consider it from the viewpoint of health as well as the other problems which may actuate you in coming to some conclusion.

If you do not believe what I say, I suggest that you consult with your Federal Bureau of Internal Revenue, particularly the Miscellaneous Tax Division, and ask them if that statement which I have just made to you is not the viewpoint of that department of the Government.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield.

Mr. KEATING. I had understood that the Internal Revenue Bureau representatives had appeared at these hearings in favor of removing the tax.

Mr. O'HARA. I do not so understand, but it makes little difference to me whether they did or not.

Mr. KEATING. Is there any parallel for this method of regulating health—the imposition of a tax in this way?

Mr. O'HARA. Let me say to my friend it has certainly aided enforcement and protection from the health viewpoint of the manufacturing end of oleomargarine and the ingredients which go into it.

Mr. MURRAY of Wisconsin. Will the gentleman yield?

Mr. O'HARA. I yield.

Mr. MURRAY of Wisconsin. Is it not a fact that the packers must pay the inspection cost of their meat before they can ship it in interstate commerce at the present time?

Mr. O'HARA. Certainly that is true.

Mr. KEATING. But it is not called a tax, however? It is not in the nature of a tax? It is simply an inspection fee.

Mr. O'HARA. Well, I do not care what you call it.

Mr. KEATING. The purpose of taxes is to raise revenue.

Mr. O'HARA. This is the first year of operation.

Mr. MURRAY of Wisconsin. Do we not also have a quarter of a cent a pound tax on reprocessed butter and nobody seems to be anxious to get rid of that, not even the butter people.

Mr. O'HARA. That is correct.

The CHAIRMAN. The time of the gentleman from Minnesota [Mr. O'HARA] has expired.

Mr. HOPE. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment close in 10 minutes.

Mr. RIVERS. What about amendments thereto?

Mr. HOPE. No. If this amendment should be adopted, then no further amendments would be in order.

Mr. RIVERS. What about the Case amendment?

Mr. HOPE. As I understand the Case amendment, it is not an amendment to the Hill amendment. It is a perfecting amendment to the bill itself.

Mr. RAYBURN. Is the gentleman asking unanimous consent that debate close on the two pending amendments in 10 minutes?

Mr. HOPE. Yes; that is my request, Mr. Chairman.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. CASE of South Dakota. Mr. Chairman, I ask unanimous consent that, notwithstanding the fact that the amendment which I offered is a perfecting amendment to the bill, the Hill substitute may be voted upon first and my amendment second.

The CHAIRMAN. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. POTTS] for 1 minute.

Mr. POTTS. Mr. Chairman, I think it is important that we look back at the amendment offered by the gentleman from Colorado [Mr. HILL] and see what it does. It does nothing to the present tax set-up, except make a switch. All these inequities which are in the present law are maintained under the first amendment offered by the gentleman from Colorado.

The switch which has been made is that now oleomargarine may be colored yellow, but in substitution for that it is required to take on a legislatively imposed shape. Remember that the tax which has been put on oleomargarine is not a revenue-raising tax, it is a tax alleged to be placed there to prevent fraud. It is one of the few times, if not the only time, when specific consumers rather than the general public are taxed for enforcing laws against the fraudulent sale of a product.

The CHAIRMAN. The time of the gentleman from New York has expired.

The gentleman from Idaho [Mr. GOFF] is recognized for 1 minute.

Mr. GOFF. Mr. Chairman, I have been very much interested but have had nothing to say. I happen to be a member of the House Committee on Agriculture which has been discharged, and I do not happen to own any dairy cows and am not a farmer. I sat for over a week in the hearings and listened to all the testimony and it was my conclusion that the reason this law should not be repealed is that we should protect butter from what can be called nothing else but

a synthetic or imitation product. I appeal to my good friends over here to not put the butter industry out of business. That is what I think we will do if we permit the sale of yellow margarine without some way of identifying margarine from butter. It does not hurt me a bit to say that the manufacturer of margarine has to put it up in a special shape. He can afford to do it. I will tell you this, the only way the farmer can save himself if you do not adopt this amendment is to make such molds himself for his own product. The farmer will have to pay that expense or go out of business.

The CHAIRMAN. The time of the gentleman from Idaho has expired.

The gentleman from Wisconsin [Mr. DAVIS] is recognized for 1 minute.

Mr. DAVIS of Wisconsin. Mr. Chairman, the housewives of America have been sold a bill of goods and the American dairy farmer has been "sold down the river" on the floor of the House, here, today. An expensive, yes, a very expensive, advertising campaign has misled a large segment of the American people, and from the sound of things here, a majority of the Members of the House of Representatives, as well.

You who have appeared here in the well of the House as self-righteous champions of the American housewife will reap the whirlwind of their wrath when they find out the truth about the false leadership which has been given on this issue—when they find out they have, in return for the small benefit of being spared the work—and, oh, how arduous that labor has been pictured here in this Chamber—of massaging a cellophane bag a couple of times a week, they will have been misled into opening the door to grievous abuses; attrition of our national supply of animal fats, deterioration of the American livestock industry, and depletion of our soil resources.

How can the cost to any consumer be lessened by the removal of a tax when that tax is now being evaded simply by refraining from coloring oleomargarine yellow? Certainly a tax which is not being paid cannot increase the cost of a product to which that tax might otherwise apply.

The fundamental question here is whether or not two fats of vastly different origin are now being permitted to compete fairly and whether they would be permitted to compete fairly if we adopted the bill before the House today.

Under the existing laws the manufacturers of oleomargarine have over a period of years, and with the obvious purpose of imitation, been able to develop the ersatz butter which duplicates the real product in body, in texture, in melting point. They have impregnated it with vitamin A to duplicate real butter; they have added butter flavor to increase the prospects of delusion of the consuming public. In addition, they have been permitted to add preservatives to their product, which is not permitted with butter. The question then arises, if it feels the same, reacts the same, tastes the same, and has approximately the same vitamin content, if it is practically as good as butter, what is the difference? Why not let the people be fooled—they would not be any worse off because of it.

That is the kind of argument we have been faced with, and are faced with here today, and it exhibits a brash lack of decency and concern for the right of the American to know what he is eating.

When a man buys a steak in a restaurant he has the right to know whether it is beef or horse meat, even though by a process of seasoning and smothering it with onions a clever cook may be able to disguise the difference. Not too many years ago we heard about the establishment of a plant down in Florida for the canning of rattlesnake meat. They told us it tasted like chicken, was just as nutritious, and more tender. Yet, certainly a man has a right to know whether he is eating chicken or rattlesnake meat.

The nutritional factors of this argument are probably not as important as they once were. By the clever, artificial means which I have described above, perhaps there is not too much difference. We do know, for one thing however, that butter does contain substantial quantities of vitamin E, which is important for human reproduction and the prevention and treatment of certain disease, and that a like content of vitamin E has not been developed for oleomargarine. Without belaboring this nutritional point, I do want to quote from a recent issue of the American Medical Association Journal:

Since the nutritional factors have not all been identified, and since butter contains numerous additional fatty acids of unknown nutritional value, the consuming public has a right to demand that the practice of identifying oleomargarine and butter, so that anyone can differentiate between them, should be continued.

It is a plain fact that without this existing method, the method of Federal taxation, our Government would be severely handicapped in attempting to preserve this right of the American people to be able to differentiate between butter and oleomargarine.

Nor should the long-range adverse effect of our agricultural economy be overlooked. There is no substitute for the maintenance of a livestock economy when it comes to retaining and developing soil fertility. A great many of the dairymen in the great dairy area which I represent are primarily fluid-milk producers, but they realize that almost half of our total milk production is used for butter and that unfair competition for the butter market will have a serious effect on the livestock industry and on the stability of milk production and dairy markets.

Nor ought we overlook the fact that nearly half of our leather and nearly half of the beef consumed in this country come from the source of butter production—the dairy cow.

On the floor of the House here today some of you who are horse traders—you certainly are not cow traders—are going to trade a substantial part of an industry, which in the production of butter receives 62 percent of the consumer's dollar, for a very minor part of the cotton and soybean industries, whose farmers get, respectively, only one-half of 1 percent and 5 percent of their income from the production of oleomargarine.

The conflict here is between millions of individual dairy farmers and 29 or 30 profit-hungry manufacturers of oleomargarine. The housewives of this Nation and you who are voting for this bill today have been drawn into this conflict as the pawns of these few seekers of oleomargarine profits.

The CHAIRMAN. The gentleman from New York [Mr. KEATING] is recognized for 1 minute.

Mr. KEATING. Mr. Chairman, with all due respect to the intense partisans on both sides of this issue, it seems to me at times this debate has gone wide of the mark. The question before us does not concern the relative merits of butter or margarine, nor the question of which one is the cleaner or more wholesome, nor whether the butter or margarine lobby has spent more money to advance its interests, nor any of the other side-alley contentions which have been advanced on both sides of this issue.

The sole question it seems to me is: Is the continuance of this tax on margarine justified as a revenue-raising measure?

At the present time the manufacturer pays a tax of one-fourth of a cent a pound on white margarine and 10 cents a pound on yellow margarine, which is, of course, passed on to the wholesaler, from him to the retailer and from the latter to the consumer. This bill proposes the repeal of this tax.

In addition, the manufacturer of margarine pays a special tax of \$600, the wholesaler of yellow margarine \$480 and of white margarine \$200, and the retail dealer in yellow margarine \$48 and white margarine \$6. It is proposed that these levies be repealed except for those now imposed upon the wholesalers and retailers of white margarine.

These laws were enacted in 1886 when margarine was first introduced as a food on the American table. The historian relates that efforts were made to palm off this new product as butter, which led to the enactment of punitive measures, which it was thought would discourage this practice. In other words, this tax was not conceived originally as part of a plan for raising necessary revenues to run the Government. It was rather designed as a protection to the dairy industry. With commendable frankness the gentleman from Wisconsin [Mr. MURRAY], when he addressed the House on February 3, as appears at page 1032 of the RECORD, replied to an inquiry of mine by conceding that the purpose of the tax today is for the protection of the dairy industry.

In that respect this tax is an anomaly. There is no other industry which enjoys the advantage of having a tax imposed upon its competitor. It is not by such a method that this country has attained material progress unparalleled in all history. What would be the present status of our automobile industry, for instance, if on the advent of this new mode of transportation the harnessmakers, the livery-stable keepers, and breeders of horses had combined to influence the Congress to impose a punitive Federal tax upon the automobile manufacturer or dealer? Or what if the railroad interests had successfully sought like

measures when airplane transportation was in its infancy?

This tax is unique. It stems from a motive alien to that which should inspire tax legislation. The only purpose, the only justification for taxation upon any group or classification of our citizens is to produce revenue. Yet we are told that the total revenue produced by this tax is inconsequential in the over-all revenue picture. Representatives of the Treasury Department, indeed, appeared in opposition to the continuance of the tax. In all of the debate scarcely a word has been uttered by the opponents of this measure about the loss of revenue to the Government and the seriousness of the effect of repeal on the public coffers.

This tax is an artificial restraint upon free competition. It causes a discriminatory price rise in a product not primarily used by those who have the pocketbook to afford such discriminatory treatment, but rather by those of middle and lower incomes who find the greatest difficulty in meeting their grocery bills.

Butter is \$1 a pound. The \$40-a-week man must work an hour to earn a single pound of butter. Millions of people in this country, therefore, simply cannot afford the luxury of eating butter.

Margarine is a wholesome and nutritious product which can be used in place of butter and purchased at about half the price. When we add a tax of 10 cents on each pound of margarine, as well as levy a ransom on the manufacturer, wholesaler, and retailer, which will eventually fall on the consumer, it impresses me that we are exacting a tribute, unwarranted and unjust, from those citizens whose economic status renders them least able to meet discriminatory charges. We are in effect levying a consumer's sales tax, not a luxury, not, indeed, across the board, but upon a single staple item of food. Such action seems to me an abdication of our duty to legislate, not for a special group, but in the interest of all the people.

The legislation now on our books had its genesis, as I pointed out, in the fact that margarine was being misrepresented as butter. That condition no longer exists. Margarine today is distributed under that name. Indeed there are those who prefer margarine to butter. There is no longer reason, therefore, for attempting to represent it as butter.

Butter is composed of fats which contain more fatty acids of the saturated variety than does margarine. For this reason butter tends to become rancid more readily than does margarine.

Two vitamin-like substances essential in the human diet are linoleic and linolenic acids. When absent or low in the diet, an intractable eczema involving the skin may result. Margarine is rich both in linoleic and linolenic acids, while butter contains very little.

The vitamin E content of these two fats is important. One hundred grams of butter contain approximately 2.4 milligrams of vitamin E. One hundred grams of margarine contain about 54 milligrams of vitamin E. Thus, 1 pound of butter yields 11.5 units of vitamin E; while in 1 pound of margarine there is available 259 units of E. The average American eats

during a 24-hour day from 1 to 2 ounces or from 30 to 60 grams of either of these fats. From the butter he would obtain 0.72 milligram to 1.08 milligrams of E; while from the margarine he would get from 16.20 milligrams to 24.30 milligrams. In short, margarine is 22 times richer in the essential vitamin E than is butter. In other words, to obtain as much vitamin E as is found in the daily portion of margarine, 1 to 2 ounces, one would have to eat from 22 to 44 ounces of butter.

The effect of vitamin E on the human body is not yet clearly established. Its importance to many of the lower animals has been clearly proven and reasoning from studies on experimental animals it is fair to assume that it is necessary in the human diet. Moreover, certain diseased conditions are relieved by its administration. Its clinical use at the present moment is a matter of scientific controversy and study. Based on a study of experimental animals, a normal human being should have a daily food intake of 30 milligrams of vitamin E.

A prominent physician of my congressional district, Dr. John R. Williams, has recently completed a careful analysis of the diets of more than 200 individuals from all walks of life, some of them normal controls, others affected with diabetes and cardiovascular disease. Upwards of 300 observations were made on these diets. The results are extremely suggestive. Approximately 80 percent of this group have a daily intake of 20 milligrams of vitamin E—normal 30 milligrams—and 50 percent have less than 11 milligrams. An analysis of the blood made on 100 of these individuals disclosed that in 28 percent of these the blood level was lower than the accepted normal; while the majority approximated the minimum normal. Limited as this study is in numbers, it is one of the few which have been made. It may be confidently said that the majority of the American people today are living on a substandard vitamin E diet. Vitamin E, while a fat-soluble vitamin, is found but sparingly in animal fats. Its chief source are the oils of plants and the coverings of grains, fruits, and vegetables. Whole wheat preparations and vegetable oils are the richest sources. Cotton-seed, peanut, soybean, and corn and wheat germ oils contain large amounts from 20 to 50 times that found in animal fats. Whole wheat bread and cereals, margarine, salad oils, carrots, beets, green leafy vegetables, and eggs are the foods which will afford a normal intake of vitamin E.

The vast majority of the American people, all walks of life included, do not have an adequate vitamin E dietary content. The same is undoubtedly true of most animals used as sources of food. Food processing and soil deficiencies are the probable explanations. Margarine is a pure, healthful food product rich in vitamin E and other essential dietary factors. Its wide use, therefore, should be encouraged in every possible way. To restrict or curtail its use by legislation certainly is not in the best interest of the national health or economy.

Undoubtedly an equally strong case can be made out for butter, which contains many of the ingredients embraced

within a well-rounded diet. The point is that each food can and should stand on its own merits divorced from the artificial crutch of an indefensible tax.

Furthermore, it is a violation of law to represent margarine as butter under the Federal Pure Food and Drug Act. If that act needs strengthening in order to achieve its purpose of preventing a fraud on the public, that is the method which we should pursue to prevent imposition. It is perhaps pertinent to point out that artificially colored margarine must be so designated—a restriction not imposed on artificially colored butter.

This tax punishes not the margarine industry, but the public. It represents an unmoral and uneconomic use of the taxing power. While favoring a single industry, it is indicative of a principle which, if applied in reverse to raise the price of products consumed by the dairy farmer, would artificially raise his cost of living to a degree out of all proportion to any loss which he might conceivably suffer from the elimination of this levy.

In a recent survey conducted among readers of the Atlantic Monthly magazine, who certainly would for the most part fall in the upper income brackets, 89 percent answered in the negative the question: "Do you think it is in the public interest to supply public revenue through special taxes on the manufacture and distribution of margarine?" Only 5 percent answered in the affirmative, with 6 percent of no opinion. Such a question put to a fair cross-section of all the people would, of course, reveal an even higher percentage opposed to the continued imposition of this levy on the manufacture and distribution of a single food product.

To continue this tax would, therefore, be to act contrary to the wishes of an overwhelming majority of our citizens in the interests of a tiny minority.

The dairy industry is an essential part of our economy. We should not consciously take a step to do it an irreparable injury. On the other hand, neither should we grant it a favoritism of an unjustified indirect subsidy unless we are prepared to accord equal treatment to the producers of any and all other farm products which find a place on the American table. In the long run such a policy would materially injure, not help, the American farmer. More and more every day he is coming to the realization of the soundness of that fundamental principle. The consumers of the country, most of all the tightly budgeted housewives, are raising their voices in protest against any price rises which are the result of artificial stimulation by legislative action.

By the enactment of this measure we will end a 60-year old anachronism. No argument has been advanced for the continuance of this tax which commends itself to my conception of responsible legislation. Our duty to repeal it is clear.

Mr. OWENS. Mr. Chairman, will the gentleman yield?

Mr. KEATING. I yield.

Mr. OWENS. The gentleman stresses the point that the tax should not be continued as a revenue-raising measure.

I want to tell the gentleman that I think he has stated the entire problem.

The CHAIRMAN. The time of the gentleman from New York has expired.

The gentleman from South Carolina [Mr. RIVERS] is recognized for 1 minute.

Mr. RIVERS. Mr. Chairman, on my first appearance in the well of the House today I want to say one thing and say it plainly. We are confronted with two things today. If you want to remove the yoke from the neck of the housewives of this Nation and take away the red tape they are burdened with now, vote against the pending amendment.

Mr. Chairman, this amendment does one thing. It just cuts the heart out of the bill, that is all it does. If you want to cut the heart out of this bill, support the pending amendment. That is all you have to do.

Mr. Chairman, the Hill amendment leaves the tax in effect, it still leaves the cumbersome bookkeeping in effect; it straddles the manufacturer, the wholesaler, and the rest of them alike with this additional cost. Where will you get enforcement?

Mr. Chairman, this is not a revenue-raising measure. The Treasury itself does not want it. The Treasury testified against it. Now you have your opportunity to vote to remove these taxes or you have your opportunity to vote to retain them. The Hill amendment, I repeat, cuts the heart out of our bill.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. SMITH].

Mr. SMITH of Wisconsin. Mr. Chairman, I am opposed to this pending bill.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. POAGE].

Mr. POAGE. Mr. Chairman, I should like to have the attention of the gentleman from Colorado [Mr. HILL]. I know the gentleman is trying to work out a fair proposition. He has worked diligently to secure a workable program for several weeks. It seems to me it is fundamental that the one thing that must be done here is to protect any one from deception in public eating places. There is no deception in the sale of butter or margarine to the housewife.

Would the gentleman from Colorado accept the substitute for his amendment which I have discussed with him, striking out all of the taxes except a one-dollar license fee on all public eating places which sell margarine and also requiring them to advise the public of that fact either by printing the fact on the menu or by the use of the triangular form suggested by the gentleman? If the gentleman will accept it, I will offer it as a substitute and I believe we can agree.

Mr. HILL. I may say to the gentleman from Texas that I have great regard for him. I would be willing to do this: Let us refer this bill back to the Committee on Agriculture and have it considered further.

Mr. POAGE. No. I cannot agree to that. If the gentleman will accept my substitute, I will join with him. I think I have offered a fair proposition. I think the gentleman himself has already agreed that what I propose is fair and that it

will prevent any possibility of any deception in the only case where deception can occur. If the gentleman will accept it, I am sure the overwhelming majority can agree. I think the overwhelming majority of this House believes, as I do, that all the nuisance taxes and dealers' license fees should be removed. The gentleman's amendment would not remove them.

I think the great majority of this House believes, as I do, that we should punish any effort to deceive the public. The substitute I propose surely goes just as far in that direction as the gentleman's amendment but my proposal involves a minimum of expense and special forms. The gentleman's amendment would admittedly delay the effective date of this reform for many months and probably years. I hope the gentleman will accept the following proposed amendment:

H. R. 2245 is hereby amended so as to add thereto section 3, reading as follows:

"Sec. 3. The Internal Revenue Code is hereby amended so as to add thereto a new section, numbered 3200, reading as follows:

"(a) Operators of public eating establishments: Every person who operates a public eating establishment in which yellow oleomargarine is served shall pay a special tax of \$1, and, in accordance with such regulations as the Commissioner, with the approval of the Secretary, shall prescribe, shall display a printed statement in prominent type that oleomargarine is being served or in the alternative shall serve such oleomargarine only in patties which are triangular in shape. For the purpose of this subsection, the term "public eating establishment" shall not include such an establishment having less than 25 patrons per day.

"(b) Every person who operates a public eating establishment and who is subject to the provisions of subsection (a) above who serves oleomargarine without having complied with the provisions of said subsection (a) shall, besides being liable to the payment of said special tax, be fined not less than \$100 nor more than \$1,000 for each and every offense.

"(c) The provisions of this section shall take effect on July 1, 1948."

In an effort to show that we are as anxious as is the gentleman to prevent fraud, I will say that if the gentleman will accept this proposed amendment as a substitute for his pending amendment, I will support his.

Mr. HILL. Let us have a vote on my amendment first.

Mr. POAGE. I am sorry we are unable to agree on a fair proposal. I know the gentleman is trying to be fair, but I am sure he realizes that we cannot agree to let him try to keep a large part of the objectionable provisions of the present law and at the same time agree that if he fails that we will then let him accept what we all recognize is a fair proposal. Since the gentleman refuses a compromise, I must oppose his amendment.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. FLETCHER].

Mr. FLETCHER. Mr. Chairman, I am against the present taxes and coloring restrictions on oleomargarine because they are unfair and un-American and also because they amount to a tremendous inconvenience and added cost to the housewife.

Personally, I do not happen to like the taste of oleomargarine, but I am ready to fight for the right of anyone who wants to buy oleo without being penalized for choosing it.

We hear statements made as to the dire consequences to dairymen if this bill passes. I am convinced that the dairymen of my congressional district are too smart to be fooled by such propaganda. Charges and countercharges have been made; but when you brush aside the propaganda of both sides, you still find that by a vote of 235 to 121 this House voted to discharge from the committee the Rivers bill and give it a thorough hearing before this body.

Eighteen Members of the House offered similar bills and a number of us on both sides of the aisle introduced identical bills to the Rivers bill. I mention this only to prove the nonpartisan support which is apparent in this movement. It is an indication of the power of the voice of the long-suffering consumer and homemaker.

Recent scientific tests given by the University of Illinois College of Medicine proved that oleomargarine is just as healthful and nutritious as butter. They studied 267 children in two groups, one of which ate margarine and the other butter.

There was no appreciable difference in the health, growth, and weight of the members of the two groups. The margarine group consisted of 160 orphans or children from broken homes. They were given margarine on bread, in vegetables, in pastry, and in fried foods. The margarine used was derived from vegetable oils and contained no animal fat.

The butter group consisted of 107 children in another charitable institution 10 miles away. Butter was used for everything that margarine was used for in the other group, and one spread was just as healthful and nutritious as the other.

Opponents of this bill have suggested that oleomargarine be colored green or red so as not to fool people that it is genuine butter. If the opponents wanted to be consistent, they would insist that all substitutes be colored differently than the genuine article. For instance, why not have a Federal law that light cream, moving in interstate commerce, must be colored green to assure that unscrupulous restaurants will not palm it off as heavy cream? And in that event, how should we deal with rayon and nylon in order to distinguish them from silk?

With grade A butter again selling in Washington at \$1 a pound as of Monday, I believe this Congress must do everything possible to reduce the cost of living. If oleomargarine is relieved of its penalty taxes, I believe it could be sold for about one-third the price of butter.

These penalty taxes, first devised back in 1866 certainly cannot be justified today. The coloring restrictions which make the housewife spend many needless hours in the kitchen to satisfy the greed of special butter interests should no longer be tolerated. I am convinced that removal of these taxes and coloring restrictions will do no harm to the butter industry. But, as one of my constituents

asks, "Why not let butter stand up in competition with oleomargarine? After all, nobody worried much about the horse when the automobile became popular."

I strongly urge this Congress to allow the will of the people to prevail by voting for this bill which would allow the American consumer a free choice of healthful products according to his tastes and his pocketbook.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. GAVIN].

Mr. GAVIN. Mr. Chairman, I have listened with great interest all afternoon and in a spirit of fair play I think I should have an opportunity to present my case. I have listened to discussions on cottonseed oil, soybean oil and coconut oil. I come from the great State of Pennsylvania and I thought I might take this minute to talk about Pennsylvania grade crude oil. Pennsylvania crude oil is the finest lubricant that is produced today. It is superrefined. We have sold to the world the fact that there is no oil which compares with Pennsylvania-grade crude oil.

Mr. McDOWELL. Mr. Chairman, will the gentleman yield?

Mr. GAVIN. I yield to the gentleman from Pennsylvania.

Mr. McDOWELL. I might remind the gentleman that over in my country they make a Monongahela rye whiskey, which is somewhat of a lubricant, too.

Mr. GAVIN. Time will not permit me to enter into a discussion with my good friend of that particular matter. Although we in Pennsylvania produce but one and nineteen-one-hundredths of the over all production of 5,085,000 barrels daily, we do from Pennsylvania-grade crude produce approximately 10 percent of all lubricants. I suggest to the membership to use Pennsylvania grade crude oil.

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from Colorado [Mr. HILL].

The question was taken; and on a division (demanded by Mr. HILL) there were—ayes 83, noes 114.

So the substitute amendment was rejected.

The CHAIRMAN. The question is on the Case amendment.

Mr. CASE of South Dakota. Mr. Chairman, I ask unanimous consent that the amendment may be again read.

The CHAIRMAN. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

The Clerk again read the amendment.

The CHAIRMAN. The question is on the amendment.

The question was taken; and on a division (demanded by Mr. CASE of South Dakota) there were—ayes 87, noes 119.

So the amendment was rejected.

Mr. RIVERS. Mr. Chairman, I ask unanimous consent that the further reading of the bill be dispensed with and that the bill be open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The remainder of the bill is as follows:

SEC. 2. Effective July 1, 1947, part I of subchapter A of chapter 27 of the Internal Revenue Code (relating to the occupational tax on manufacturers, wholesalers, and retailers of oleomargarine) is repealed. Beginning with the day after the date of the enactment of this act and until July 1, 1947, wholesale dealers in oleomargarine who vend no other oleomargarine except that upon which a tax of one-fourth of 1 cent per pound would have been imposed by section 2301 (a) of the Internal Revenue Code if such section had not been repealed shall pay the lower tax prescribed in section 3200 (b) (1) of such code. Beginning with the day after the date of the enactment of this act and until July 1, 1947, retail dealers in oleomargarine who vend no other oleomargarine except that upon which a tax of one-fourth of 1 cent per pound would have been imposed by section 2301 (a) of the Internal Revenue Code if such section had not been repealed shall pay the lower tax prescribed in section 3200 (c) of such code.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I offer an amendment in the nature of a substitute for the bill.

The Clerk read as follows:

Amendment offered by Mr. AUGUST H. ANDRESEN as a substitute: Strike out all language after the enacting clause and insert the following:

"That all sections of the Internal Revenue Code relating to taxes on oleomargarine and the manufacture, distribution, handling, and sale of oleomargarine and the taxing or licensing of persons engaged in the manufacture, distribution, handling, and sale thereof, are hereby and herewith repealed.

"Sec. 2. (a) There is hereby assessed and levied upon oleomargarine which shall be manufactured and sold, or removed for consumption or use, a tax at the rate of one-fourth of 1 cent per pound: *Provided*, That no oleomargarine shall be manufactured or sold which is yellow in color.

"(b) The tax levied by subsection (a) shall be paid by the manufacturer.

"Sec. 3. (a) For the purposes of this act oleomargarine shall be defined as certain manufactured substances, certain extracts, and certain mixtures and compounds, including such mixtures and compounds with butter, and such mixtures and compounds shall be known and designated as 'oleomargarine,' namely: All substances known prior to August 2, 1886, as oleomargarine, oleo, oleomargarine oil, butterine, lardine, suine, and neutral; all mixtures and compounds of oleomargarine, oleo, oleomargarine oil, butterine, lardine, suine, and neutral; all lard extracts and tallow extracts, and all mixtures and compounds of tallow, beef fat, suet lard, lard oil, fish oil or fish fat, vegetable oil, anatto, and other coloring matter, intestinal fat, and offal fat; if (1) made in imitation or semblance of butter or (2) calculated or intended to be sold as butter or for butter or (3) churned, emulsified or mixed in cream, milk, or other liquid, and containing moisture in excess of 1 percent or common salt. This section shall not apply to puff-pastry, shortenings, churned or emulsified in milk or cream, and having a melting point of 118° F. or more, nor to any of the following containing condiments and spices: Salad dressings, mayonnaise dressings, or mayonnaise products, nor to liquid emulsions, pharmaceutical preparations, oil meals, liquid preservatives, illuminating oils, cleansing compounds, or flavoring compounds.

"(b) For the purposes of this act, oleomargarine held to be yellow in color when it has a tint or shade containing more than 1½ degrees of yellow, or of yellow and red collectively, but with an excess of yellow over red, measured in the terms of the Lovi-

bond tintometer scale or its equivalent. Such measurements shall be made under regulations prescribed by the Commissioner, with the approval of the Secretary, and such regulations shall provide that the measurements shall be applied in such manner and under such conditions as will, in the opinion of the Commissioner, insure as nearly as practicable that the result of the measurement will show the color of the oleomargarine under the conditions under which it is customarily offered for sale to the consumer.

"Sec. 4. This act shall become effective July 1, 1948."

Mr. AUGUST H. ANDRESEN. Mr. Chairman, this amendment brings the issue clearly before the Committee. The proposal repeals all license fees, manufacturers' taxes, wholesalers' occupational license fees, and the retailers' tax, and leaves only a quarter-of-a-cent-a-pound tax on oleomargarine sold, to be collected from the manufacturer. It prohibits the sale of yellow-colored margarine. In other words, the proposal permits the sale of oleomargarine in its white form and prohibits the sale of yellow-colored margarine. It removes the tax on the retailer and the wholesaler, for whom some of the Members have been pleading as not being able to raise enough money to pay the \$6 tax.

Mr. ABERNETHY. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman from Mississippi.

Mr. ABERNETHY. Does it provide anyone to do the mixing for them?

Mr. AUGUST H. ANDRESEN. Maybe the gentleman from Mississippi could furnish someone to do the mixing for them.

Mr. Chairman, I wanted to take this time to offer this amendment, which I anticipate the gentleman from South Carolina will oppose and have voted down, because I intend to offer this as a motion to recommit and there will not be an opportunity then to explain it. Therefore, I have taken this time to let the Members know what the motion to recommit will be and give an explanation of it. The amendment removes all of the taxes on the manufacturer, the wholesaler, and the retailer, and leaves a quarter of a cent excise tax to be charged to the manufacturer of the oleomargarine that is sold in its white form. It lets the housewives get the oleomargarine tax-free, and lets the retailer sell it without any taxes.

Mr. Chairman, I hope my amendment is adopted.

Mr. RIVERS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, we know that when my distinguished friend from Minnesota offers a substitute it is not for the good of the bill. I am going to beware of the Greeks bearing gifts. This amendment cuts what is left of the heart out of the bill. You know that. The distinguished gentleman from Minnesota in the committee moved that all things in the universe akin to margarine be tabled for the rest of the session. You know good and well that if you ever sent another bill back to that committee it would be as dead as Job's turkey. Let us vote and kill the amendment, and get on with the business of the people.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN].

The question was taken; and on a division (demanded by Mr. AUGUST H. ANDRESEN) there were—ayes 72, noes 129.

So the amendment was rejected.

Mr. RIVERS. Mr. Chairman, I offer a perfecting amendment.

The Clerk read as follows:

Amendment offered by Mr. RIVERS: Strike out the figure "1947" wherever it appears and insert in each case the figure "1948."

The amendment was agreed to.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. AUGUST H. ANDRESEN: Strike out section 2 of the bill and insert the following new sections:

"Sec. 2. Effective July 1, 1948, section 3200 of the Internal Revenue Code is amended to read as follows:

"Sec. 3200. Each manufacturer of, wholesale dealer in, retail dealer in, or vendor of oleomargarine shall pay a special tax of \$1 per year."

"Sec. 3. Section 2305 of the Internal Revenue Code shall be renumbered section 2315, and the following new section 2305 shall read as follows:

"Sec. 2305. Vendors.

"(a) Definition. Every person, except a manufacturer, wholesale dealer, or retail dealer, who sells, vends, serves, or furnishes oleomargarine for the use and consumption of others, except his own family, where such other persons directly or indirectly pays for such oleomargarine through direct or indirect charges for food or meals, shall be held to be a vendor of oleomargarine.

"(b) Notice of Requirements. Every vendor of oleomargarine shall, in addition to the requirements of State or local law, give the following notice to persons to whom he may serve or furnish such oleomargarine:

"(1) In case meals are served at tables, or at counters, or on trays, a sign having not less than two display panels, upon each of which shall be printed in plain gothic letters of not less than 20-point type, the words "oleomargarine served here" shall be displayed on each table, counter, or tray."

"Sec. 4. Subsection (j) of section 2308 of the Internal Revenue Code is amended to read as follows:

"If any manufacturer of oleomargarine, any dealer or vendor therein, or any importer or exporter thereof shall knowingly or willfully omit, neglect, or refuse to do, or cause to be done, any of the things required by law in the carrying on or conducting of his business or shall do anything by this subchapter or chapter 27 prohibited, if there be no specific penalty or punishment imposed by any other provisions of this subchapter or chapter 27 for the neglecting, omitting, or refusing to do, or for doing or causing to be done, the things required or prohibited, he shall pay a penalty of not less than \$50 nor more than \$1,000."

Mr. AUGUST H. ANDRESEN. Mr. Chairman, this is a regulatory amendment to protect the public from fraud and deception, particularly people who eat their meals in public eating places, people who are patients in hospitals, or in any other institution where they pay for their meals, directly or indirectly.

There are 65,000,000 purchased meals served in the United States every day. Sixty-five million meals served in this country every day at some public eating place for which people pay. Those people

are entitled to protection. We have evidence before our committee from representatives of the Restaurant Association that in the event the Rivers bill becomes law and oleomargarine is sold in yellow form, 75 percent of the restaurant owners will serve oleomargarine instead of butter without telling their customers what they give them.

We also had before our committee a representative of the American Hospital Association, who stated that they wanted to serve yellow colored oleomargarine without letting their patients know what they were eating. I particularly asked the question if they would object to having notice given to the patient that he was eating oleomargarine. They said they did not think that was necessary and that the patients should be required to eat what they furnished them.

I believe when people come into a restaurant, whether they pay 50 cents for a meal or \$4 for a meal and they expect to get butter, they should be advised that they are being served oleomargarine instead of butter, because they are paying the butter price, and should be able to secure butter. At least, they should be able to find out what they are eating.

So my amendment provides that a little sign in black letters be placed on the tray or on the table, or displayed on the counter whenever oleomargarine is served. I eliminate the license and occupational tax or license fees, or rather reduce them, so that the manufacturer will pay \$1, the wholesalers will pay \$1 a year, and the retailer will pay a dollar a year—a mere nominal license charge in order to get jurisdiction over the handling and serving of oleomargarine in restaurants and other eating places, including hospitals.

Mr. JENSEN. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. JENSEN. Will the gentleman accept an amendment which would provide that a sign be placed on the door that could be read from the outside, saying "Oleomargarine is served here"?

Mr. AUGUST H. ANDRESEN. That might be a very good amendment, I will say to my colleague, but I am trying to offer a constructive amendment to protect the public.

Mr. JENSEN. Would not the gentleman say that was constructive, because the people would not even go into the restaurant?

Mr. AUGUST H. ANDRESEN. Well, that is true, but I think my amendment should be accepted because of the proponents of this legislation are sincere and are interested in protecting the public from fraud and deception, they should not have any objection to a little card being placed on the tray or the counter saying that oleomargarine was served there.

I would like to have the gentleman offer his proposal as a separate amendment, because I think in the interest of trying to protect a piece of legislation that will serve the public and protect the public from fraud and deceit we should adopt the amendment I have offered in its present form. The public is entitled to some protection. In the case

of the housewives who serve it at home they go to the store and buy packages labeled "oleomargarine;" but what protection do you have, sir, when you go to a restaurant, sit down to a table and order a \$2 or a \$4 meal? What protection do you have to know that you are being served butter instead of oleomargarine? Naturally, you want butter. You pay for it. In the interest of protecting the public, this amendment should be agreed to.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. RIVERS. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 6 minutes, the last 2 to be reserved to myself.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The CHAIRMAN. The gentleman from Indiana [Mr. MITCHELL] is recognized for 2 minutes.

Mr. MITCHELL. Mr. Chairman, now I have heard everything, I think. The next thing the gentleman will ask will be that every proprietor of a restaurant or hotel stand on his head three times a day to show that he is serving margarine.

The burden of the argument is that the public shall be protected against the restaurants of this country practicing fraud and deceit. Is that the gentleman's opinion of the honesty of restaurant proprietors, hotel managers, and the innkeepers? I cannot believe so. I cannot go along with anyone who says that 75 percent of the people who keep restaurants and operate the hotels in this country are crooks. They are not in my district and they are not in any part of the country where I have traveled.

Mr. GOFF. How many hundreds of pounds of oleomargarine did the gentleman sell to restaurants last year?

Mr. MITCHELL. That is a fine question. How many sacks of potatoes did the gentleman's folks grow in Idaho last year? That remark is about as smart as the amendment just offered.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

The gentleman from Utah [Mr. GRANGER] is recognized for 2 minutes.

Mr. GRANGER. Mr. Chairman, I think the champions of the housewives of America and the newspapers of the country which have accepted great full-page advertisements from the oleo interests should tell the American people the truth, that the advocates of this legislation, if this bill passes, are going to have to tell them eventually; it is that even though this bill is enacted, two-thirds of the people of the country are not going to enjoy any benefits. This is so because for some reason or other the people in many States in the Union have sent people to represent them in their local legislatures which have passed laws prohibiting the sale of colored oleomargarine in their State.

This amendment offered by the gentleman from Minnesota will do just exactly what I have said all the time. We have no objection to the American people

buying all the oleomargarine they want to; but buy it for what it is. It is still oleomargarine after it is colored.

The CHAIRMAN. The time of the gentleman from Utah has expired.

The gentleman from South Carolina [Mr. RIVERS] is recognized for 2 minutes.

Mr. RIVERS. Mr. Chairman, the effect of this amendment, if adopted, would be to put 60,000,000 people of this country under the strong arm of the Gestapo. I voted against OPA. This would be another OPA. I thought the gentleman from Minnesota believed in States' rights, but on this amendment I am going to save him in spite of himself.

Let us vote!

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN].

The question was taken; and on a division (demanded by Mr. AUGUST H. ANDRESEN) there were—ayes 64, noes 117.

So the amendment was rejected.

Mr. HARVEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HARVEY: Strike out all after the enacting clause and insert: "That (a), subject to the exception stated in section 3 of this act, section 2301 of the Internal Revenue Code (relating to the tax on oleomargarine) is repealed.

"(b) The amendment made by subsection (a) shall take effect on the date following the date of the enactment of this act.

"SEC. 2. Subject to the exception stated in section 3 of this act, part I of subchapter A of chapter 27 of the Internal Revenue Code (relating to the occupational tax on manufacturers, wholesalers, and retailers of oleomargarine) is repealed effective July 1, 1948. Beginning with the day after the date of the enactment of this act and until July 1, 1948, wholesale dealers in oleomargarine who vend no other oleomargarine except that upon which a tax of one-fourth of 1 cent per pound would have been imposed by section 2301 (a) of the Internal Revenue Code if such section had not been repealed shall pay the lower tax prescribed in section 3200 (b) (1) of such code. Beginning with the day after the date of the enactment of this act and until July 1, 1948, retail dealers in oleomargarine who vend no other oleomargarine except that upon which a tax of one-fourth of 1 cent per pound would have been imposed by section 2301 (a) of the Internal Revenue Code if such section had not been repealed shall pay the lower tax prescribed in section 3200 (c) of such code.

"SEC. 3. Section 1 and section 2 of this act shall not be deemed to repeal section 2301 of the Internal Revenue Code (relating to the tax on oleomargarine), or part I of subchapter A of chapter 27 of the Internal Revenue Code (relating to the occupational tax on manufacturers, wholesalers, and retailers of oleomargarine) in the case of oleomargarine which contains any fat or oil ingredient other than cottonseed oil, peanut oil, corn oil, soybean oil, oleo oil from cattle, oleo stock from cattle, oleo stearine from cattle, neutral lard from hogs, beef fat, or milk fat. Any fat or oil added to oleomargarine in a quantity not exceeding 1 percent of the weight of the finished oleomargarine, solely for the purpose of imparting vitamins to such oleomargarine, shall not be held to be a fat or oil ingredient for the purpose of this section."

Mr. HARVEY. Mr. Chairman, I am going to be brief, therefore I hope I may have the attention of the Members. I

am a farmer, I am a farmer from the Middle West, the great State of Indiana.

I did not sign the discharge petition. I might add that I have consistently refused to sign all discharge petitions. It is with some regret that I have observed that this controversial issue was assumed, or we have been led to assume, to be a political one. I think that this bill will pass. Having no animosities on the subject, I can speak with freedom, for I count it a privilege to be able to make this bill do the thing we would have it do. I might also say that my farming interests include both dairying and soy beans, so that the result of this bill is not going to be a question of personal profits so far as I personally am concerned.

This substitute bill simply does three things: One of them has already been corrected by the gentleman from South Carolina [Mr. RIVERS] in which he changed the effective date from July 1, 1947 to July 1, 1948. Secondly, and this is the most important item, in my opinion, it protects all domestic oils by a 10-cent per pound tariff against foreign oils. A product that is made, in other words, from domestic oils, will be tax exempt. Oleo that is made from foreign oils will be subject to this 10-cent tax.

I might say in conclusion that it does repeal the taxes so far as wholesalers, retailers and manufacturers are concerned. So, for all practical purposes the only thing that this substitute bill does is to impose the 10-cent tax on oleo made from foreign oils.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. MURRAY of Wisconsin. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I do not like to get into any trouble with anybody, and if I have to, I would prefer to get into trouble with the fellows on the Democratic side. I have tried to go through this whole thing calmly, and I have not taken any time on the bill. I regret I feel I should oppose this amendment. This amendment just shows how unwise it is for us to try to legislate on this piece of legislation on the floor of the House.

Now, stop and analyze what the gentleman from Indiana is proposing to do. Yes, the gentleman from South Carolina, the new agricultural leader, can laugh if he wants to, but it is no laughing matter to my State that produces one-eighth of the milk of the whole United States. Nor to Minnesota and Iowa, who with Wisconsin produce over one-fourth of the milk of the Nation. Wisconsin is compelled to help furnish the finances to fill the little tin cups that South Carolina brings up to Washington to get funds from the United States Treasury. Stop and analyze what is in this bill today, in this substitute that was offered. Analyze it. We are asked to revert a step backward from the direction we have been taking. They want to go back and they think they will pick up some votes by appealing for votes on the basis of protecting domestically produced oils. The protection they now have is practically an embargo. The facts are that the soybean boys—and I am glad they

are north of the Mason-Dixon line—have watched these other cotton, tobacco, and peanut boys reach their hands into the Federal Treasury that they now want to get into it, too. They want embargoes like the tobacco, cotton, and peanut groups now have. Let us stop and analyze this situation. There is a 3-cent internal tax, or excise tax, or processing tax now on any imported oils used in the manufacture of oleomargarine. Now, remember that one. There is a 3-cent duty on soybean oil coming into the United States, and there is a 22-cent duty on oleo coming into the United States. Now, I wish you would just analyze that situation and compare it with the duty on imports of dairy products.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. MURRAY of Wisconsin. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. What effect will this amendment have upon the price of oleomargarine?

Mr. MURRAY of Wisconsin. The Rivers bill will give the 26 oleo manufacturers another chance to up the price which everyone knows they are going to do. First, I object to the amendment because it is absolutely contrary to the approach of better world understanding. I voted for the FAO. It is a part of the UN. Do you wish to pass an amendment like this that is just contrary to the very spirit of the FAO and the UN? Do you wish to take a step backward and build another fence up around the vegetable oils? I would oppose this amendment even if it was not in this oleo bill. The domestic vegetable oils now have much more legislative protection than do animal fats for that matter. But I repeat the first objection is that this amendment is contrary to the spirit of the times, is contrary to the objective of having more harmonious world relationships. The second objection is because the American vegetable oil now has more than ample legislative protection. There is a 5 cents per pound internal processing tax unless it is imported from our own possessions or the Philippines when it is 3 cents per pound. There is a 3 cents per pound duty on imports of soybean oil, and even a 1 cent per pound duty on the soybeans. There is a 22-cent duty on oleo imports. One duty is 15 cents per pound, and one is 7 cents per pound. The import duty on butter is 7 cents per pound for the first 50,000,000 pounds imported.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. MURRAY of Wisconsin. I yield to my chairman, the gentleman from Kansas.

Mr. HOPE. With reference to the pending amendment, the gentleman will recall that the officials of the American Soybean Association wrote all the Members of Congress and suggested they sign the petition for the Rivers bill. Does the gentleman think we ought to let them have the Rivers bill, instead of giving them the amendment that has been offered by the gentleman from Indiana?

Mr. MURRAY of Wisconsin. Yes, let them have it if they want, but let us not make it worse. I presume the Members

will do as they want about that. I oppose the Rivers bill and I oppose this amendment. Neither one should pass. I wish to call your attention once more to the fact that there is no use talking about the FAO and then bringing in this kind of amendment and adopting it. You might just as well forget that. This would give additional special privilege to these oils. They have plenty of special privileges now. You heard my friend from California. He is so against taxes, but did you hear him or anyone else ask that the tax of one-quarter of a cent a pound be taken off reprocessed butter? No, they want to take it off oleo. Both one-fourth cent per pound taxes on oleo and reprocessed are on for the same purpose. Neither should be repealed. They should pay for their own inspections.

If they do not close debate, I will give you a chance to show who is interested in the housewives of the country and who wants to save them sixty to eighty million dollars a year or more and who just want to talk about it.

I also call your attention to the fact that up in Pennsylvania yesterday the dairymen must have voted too. Mr. Stassen's attitude toward this oleo tax did not seem to have done him any harm in the cities either. In other words, Mr. Stassen, like everyone else that lives in a dairy section, knows that these vegetable oils now have a legislative advantage over animal fats. He does not need to worry about the cotton lobby.

Still some want to have more legislative special privilege and bring in an amendment that really says, "Just fix us up, help us build a higher fence for us. We do not care what happens to the rest of you. We have 22 cents duty on the imports of oleo and 7 cents on butter on a quota basis." Remember last year under Executive order they brought in over 90 percent of the butter without any duty on it whatsoever.

Mr. HARVEY. Mr. Chairman, will the gentleman yield?

Mr. MURRAY of Wisconsin. I yield to the gentleman from Indiana.

Mr. HARVEY. May I ask the distinguished gentleman from Wisconsin if he is conducting a political campaign or campaigning against oleo?

Mr. MURRAY of Wisconsin. I will say to my distinguished colleague from Indiana that I am always carrying on a campaign based on equity, fairness, and justice for all segments of America alike. The gentleman has not been here very long or he would not ask the question. All the time I have been on the Committee on Agriculture, and he can check it up and ask any man on the Democrat side, I have never taken any position on agriculture that was sectional, or done anything to hurt any crop in any part of the United States, but I do not intend to subscribe to a program to let the Indiana boys come in and get special privileges for themselves nor help anyone else get special privilege legislation.

If \$7,000,000 had not been jingling around in the air, this bill would not even be here on the floor today.

I only ask that the rural people of my district and my State have equal consideration with other States and dis-

tricts, and as discouraging as it may be, I expect to keep right on that pathway every minute of every hour of every day and every year that I have the honor to represent the people of the Seventh Wisconsin District.

Mr. RIVERS. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 4 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana [Mr. MITCHELL].

Mr. MITCHELL. Mr. Chairman, I hesitate to rise in opposition to the amendment offered by my good friend the gentleman from Indiana [Mr. HARVEY], but I do so only because I introduced a bill to provide precisely the same thing the gentleman's amendment does, and it came out in the committee hearings that there are certain reciprocal trade agreements this proposal might run foul of and contrary to. I think the amendment offered by the gentleman from Indiana might well be put into separate legislation at a later date, and I would be willing to go along with it then, but I am afraid it will foul up this bill. I am afraid of any amendment that will raise any doubt that this bill will pass.

The CHAIRMAN. The Chair recognizes the gentleman from South Carolina [Mr. RIVERS].

Mr. RIVERS. Mr. Chairman, the gentleman from Wisconsin has spoken against this amendment. I agree with him that it will be in conflict with our agreement with the Philippines. It will absolutely abrogate every agreement we have with the Philippines, and it will interfere with the reciprocal trade agreements. This is much too involved for us even to think about at this time, so I am against the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. HARVEY].

The amendment was rejected.

Mr. MURRAY of Wisconsin. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MURRAY of Wisconsin: Add a new section as follows:

"Sec. 3. Section 2470 of the Internal Revenue Code is hereby repealed."

Mr. MURRAY of Wisconsin. Mr. Chairman, this amendment will take off the 3-cent-a-pound internal-revenue tax on vegetable oils. So that there will not be any misunderstanding about what this does, we will find out in a few minutes who has been kidding the housewives of this country and who wants to be their friend. This is the way we are going to find out. The Rivers bill will cause the housewives of this country to be bushed out of millions upon millions of dollars. We can do something for them today since I now offer an amendment to save them at least sixty to eighty million dollars this next year. It will save them more millions than I indicated no doubt.

The Rivers bill may cost them hundreds of millions of dollars. Yesterday

I showed the House where these oleo corporations were making from two to seven times their 1940 profits. The Rivers bill should give the oleo manufacturers an opportunity to make from 2 to 20 times their normal profits. Remember the 14 largest dairy corporations in the United States made four millions less net profit in 1947 than in 1946.

Today cottonseed oil is 31 cents a pound. Soybean oil is 27.75 cents a pound, and coconut oil 24½ cents a pound. Before our committee it seems that many people who are allergic to cottonseed oil thought that coconut oil is the very best vegetable oil with which to make oleomargarine. It is more like animal fat. By passing this amendment we will help the housewife. I am sure there are many people interested in the housewife. They should support this amendment. I do not know how anyone can help but support this amendment if he is really and sincerely interested in the housewife. We are going to save the housewives of this country at least from \$60,000,000 to \$80,000,000 a year. Remember this amendment is being offered by the gentleman from Wisconsin, the leading dairy State in the Union. You can now see that all we are asking for is this opportunity to demonstrate to you and to the housewives that we wish to do something about the food problem and not just talk about it.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. MURRAY of Wisconsin. I yield.

Mr. KEATING. Will the gentleman explain just what the tax is on existing oils? I am not familiar with that.

Mr. MURRAY of Wisconsin. Before GV, that is before Geneva, when the State Department boys went around like a lot of puffed-up turkey gobblers in the springtime, and men who never were elected to anything by anybody reduced the duty on the importation of soybean oil from 3½ cents to 3 cents and the duty on soybeans, which was 2 cents, to 1 cent, and lowered the duty on all oils from 2 cents to 1 cent. But this amendment takes 3-cent per pound excise or internal tax off the imported oil used for the manufacture of oleo.

Mr. RAYBURN. Mr. Chairman, will the gentleman yield?

Mr. MURRAY of Wisconsin. I yield to our distinguished former Speaker, the gentleman from Texas [Mr. RAYBURN].

Mr. RAYBURN. The gentleman made some remarks a while ago and said that he was going to offer something that was "it." Is the gentleman sincerely for the amendment that he has now offered?

Mr. MURRAY of Wisconsin. May I say to our distinguished former Speaker that this is the tenth year that I have been a Member of this body with him. Up to this moment I have never taken a position on the floor of the House that I was not willing to defend. I would not do so at this time if I was not sincere in offering this amendment.

Mr. RAYBURN. I know the gentleman is always sincere.

Mr. MURRAY of Wisconsin. Just stop and think. I am not doing anything against anybody. Why, I could not get

the dairy industry protected the way that some of these special interests are protected with special-privilege legislation. This administration has lowered the duty on every dairy product as much as the law will allow them to be lowered. They have gone so far as to lower the duty on milk sugar. It is tiring to hear the chanting about oleo taxes when the dairy industry has more taxes to face than oleo ever did. Now here is a chance to save the housewives of America at least \$60,000,000 to \$80,000,000 a year. Who wants to save the housewives of America that much money? Who wants to be their friends? I know that I do, and we will soon see what the rest of you want to do. Will you support this amendment to help the American housewife or will you vote for the Rivers bill as that will cost the American housewife untold millions of dollars?

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. MURRAY].

The question was taken; and in a division (demanded by Mr. RIVERS) there were—ayes 105, noes 97.

Mr. RIVERS. Mr. Chairman, I demand tellers.

Tellers were ordered; and the Chairman appointed Mr. MURRAY of Wisconsin and Mr. RIVERS to act as tellers.

The Committee again divided; and the tellers reported that there were—ayes 124, noes 127.

So the amendment was rejected.

Mr. MURRAY of Wisconsin. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MURRAY of Wisconsin: Add a new section, as follows: "Sec. 4. Chapter 16, subchapter (a), section 2306 of the Internal Revenue Code is hereby repealed."

Mr. RIVERS. Mr. Chairman, nobody knows what section 2306 of the Internal Revenue Code is.

Mr. MURRAY of Wisconsin. I will explain it in a minute.

Mr. RIVERS. A point of order, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. RIVERS. Mr. Chairman, I reserve a point of order.

Mr. CASE of South Dakota. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. CASE of South Dakota. Mr. Chairman, I make the point of order that the point of order comes too late. The gentleman from South Carolina was not recognized and the first statement of the gentleman from South Carolina was not that he made a point of order or that he reserved a point of order, but he started debate.

The CHAIRMAN. The gentleman from South Carolina was on his feet at the time.

Mr. CASE of South Dakota. The point of order I make is—

The regular order was demanded.

Mr. CASE of South Dakota. The regular order is my point of order; and the point of order is that the gentleman from South Carolina was on his feet addressing the gentleman from Wisconsin. The gentleman from Wisconsin per-

mitted him to speak. His first statement was not a point of order nor a reservation of a point of order, but it was debate on the amendment. The RECORD will so show.

The CHAIRMAN. The gentleman from South Dakota has correctly stated the situation. The gentleman from South Carolina did not start by making a point of order but by interrogating the gentleman from Wisconsin.

The point of order raised by the gentleman from South Dakota is sustained and the point of order of the gentleman from South Carolina is overruled, as coming too late.

Mr. RIVERS. Begging the Chair's pardon, I have not addressed the gentleman from Wisconsin.

The CHAIRMAN. The Chair has overruled the gentleman's point of order.

The gentleman from Wisconsin is recognized for 5 minutes.

Mr. MURRAY of Wisconsin. Just to keep the record straight, I suppose that this amendment, like that of the gentleman from Indiana, is subject to a point of order.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. MURRAY of Wisconsin. I yield.

Mr. AUGUST H. ANDRESEN. The Chair ruled that the point of order was not made in time. The gentleman's amendment, therefore, is in order.

Mr. MURRAY of Wisconsin. We will not get into a fight about that. What I would like to say to you is that with all this \$7,000,000 jingling in the ears of the public through the newspapers and over the radio, I just wonder if there is a little fairness, justice, and equity still left. This is the worst bomb shell to hit our party that has occurred since the Willkie blitzkrieg struck the 1940 national Republican convention in Philadelphia. Surprising how lightning can strike in the same place, and have similar origin; is it not?

We have been through 15 years of an antilivestock program down here in the Department of Agriculture. We have seen them kill off 37 percent of the sheep, for instance. If your grandchildren want to see any of them now they will soon have to go to the zoo. We have seen cattle numbers reduced by 6,000,000 head. We have seen milk cow numbers reduced to a number below the numbers in the United States 15 years ago. We are to have the smallest per capita consumption of milk in the United States in 1948 we have ever had since records were kept.

What has happened? Why have we been doing that? While this antilivestock attitude has been the order of the day they have been erecting more trade barriers than have ever before been erected in the history of our country. The most vicious one of course is the one that is now supported by the gentleman from North Carolina, the one that prohibits giving anyone else in the world a handful of tobacco seed. Just think that one over.

Mr. Chairman, there is a 22-cent duty on oleomargarine coming into the United States. There is 7 cents on butter for the first 50,000,000 pounds. What my amendment will do is to take off 15 cents.

It will put oleo and butter on an equal basis so far as imports are concerned.

I repeat, all I am trying to do is to take off the 15-cent duty and put oleo on an equal basis with butter. I claim that is a fair position for anyone to take and I can defend it any time, anywhere, any place, because there is 7 cents left on oleo coming in the United States. Over 90 percent of the butter imported last year came in here without any duty whatever because it came in under an Executive order.

All I am asking here today in fairness is to give the dairy people of this country so far as duties are concerned just fair consideration. Leave it at 7 cents per pound the same as it is on the 50,000,000 pounds of butter.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. MURRAY of Wisconsin. I yield to the gentleman from Kansas.

Mr. HOPE. This will also help the housewife?

Mr. MURRAY of Wisconsin. My chairman is so right. We came within two or three votes here of doing that on my other amendment. There were 123 of us who really wanted to help the housewife. The professed friends of the housewife demonstrated they were not really interested in the housewife. They were evidently more interested in the 26 corporations that made 2 to 7 times as much profit in 1947 as in 1940, and who no doubt will make from 2 to 20 times as much profit next year if and when the Rivers bill becomes law. I wish we could have a roll call on that because we could tell the housewives then for sure who their friends are here. If we had a roll call we would know who were the friends of the housewife and who were friends of the oleo corporations for sure. This amendment, then, is just another way of helping the housewife. This amendment just places oleo and butter on a somewhat equal basis. This is pretty close to the end of the debate and I have not gotten into trouble yet.

Mr. O'KONSKI. Mr. Chairman, will the gentleman yield?

Mr. MURRAY of Wisconsin. I yield to the gentleman from Wisconsin.

Mr. O'KONSKI. A vote on this amendment will determine whether you are for the oleo manufacturer or for the oleo housewife?

Mr. MURRAY of Wisconsin. The gentleman is right.

Mr. O'KONSKI. Many are asking the question: Who are we going to protect, the oleo manufacturer or the housewife?

Mr. MURRAY of Wisconsin. We will be helping the housewife and we will be giving oleo and butter somewhere near equal import-duty consideration.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. MURRAY of Wisconsin. I yield to the gentleman from New York.

Mr. KEATING. Will the gentleman explain what tax this takes off?

Mr. MURRAY of Wisconsin. The tax that was put on the year before I was born, of 15 cents a pound.

Mr. KEATING. On what product is that tax placed?

Mr. MURRAY of Wisconsin. On oleomargarine there is a 15-cent tax. There is a 7-cent import duty or tax on butter for the first 50,000,000 pounds. This is to give oleo and butter the same legislative protection so far as imports are concerned.

Mr. KEATING. And it should result in lowering the price of oleo?

Mr. MURRAY of Wisconsin. It could accomplish that end. All I want to have is a fair consideration for the dairy industry of this country. I want them to have equal protection so far as imports are concerned.

Mr. KEATING. The passage of the gentleman's amendment should reduce the cost of oleo, should it not?

Mr. MURRAY of Wisconsin. It should have that effect, but whether it will or not I do not know. The 26 oleo corporations have a monopoly on the American market and I would not hazard a guess as to what they might do, except to admit that they will make all the profit they can when they can.

Mr. COMBS. Mr. Chairman, will the gentleman yield?

Mr. MURRAY of Wisconsin. I yield to the gentleman from Texas.

Mr. COMBS. We now have two import duties on oleo and butter.

Mr. MURRAY of Wisconsin. Yes; two on oleo totaling 22 cents. There are two on butter, 7 cents per pound up to the first 50,000,000 pounds and then 14 cents per pound.

Mr. COMBS. Seven cents and fourteen cents on one and fifteen cents on the other?

Mr. MURRAY of Wisconsin. Yes.

Mr. COMBS. We have a 7-cent duty on butter?

Mr. MURRAY of Wisconsin. Yes; 7 cents on the first 50,000,000 pounds imported.

Mr. COMBS. The gentleman's amendment would take off the 15-cent advantage that oleo now has over butter, so far as imports are concerned?

Mr. MURRAY of Wisconsin. The gentleman is right, up to the quota of 50,000,000 pounds, when the duty on butter becomes 14 cents per pound.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. RIVERS. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. RIVERS. Mr. Chairman, I rise in opposition to the pending amendment.

Mr. Chairman, to begin with the amendment is subject to a point of order. We have no jurisdiction here over the Ways and Means Committee. This amendment affects section 2306 of the Code providing a 15 cents a pound tax and a 7 cents a pound tax. The gentleman himself admitted it was subject to a point of order and not germane to this bill. We are getting far afield.

Mr. Chairman, we do not want to sit here and be lulled into a sense of false security by these gentlemen. You better beware of these Greeks bearing gifts. We

almost got caught napping a while ago. This amendment does just like the rest of them. It just cuts the heart out of the bill. If you boys want to embark on a surgery program, follow the gentleman and you will put it over.

Mr. COMBS. Mr. Chairman, will the gentleman yield?

Mr. RIVERS. I yield to the gentleman from Texas.

Mr. COMBS. The gentleman does not contend, does he, that taking that extra import duty off of oleomargarine will make oleomargarine cheaper in competition with butter?

Mr. RIVERS. Of course, I do not agree with any such thing as that.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

The question is on the amendment offered by the gentleman from Wisconsin [Mr. MURRAY].

The question was taken; and on a division (demanded by Mr. RIVERS) there were—ayes 116, noes 126.

So the amendment was rejected.

Mr. COMBS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COMBS:

Page 1, line 3, after "(a)", insert "except as provided in section 3."

Page 1, line 8, after "1947", insert "except as provided in section 3."

Page 2, after line 14, insert the following:

"Sec. 3. Notwithstanding sections 1 and 2, section 2301 of the Internal Revenue Code and part I of subchapter A of chapter 27 of the Internal Revenue Code shall remain in full force and effect with respect to oleomargarine which is colored yellow unless such oleomargarine is manufactured, prepared, molded, shaped, packaged, sold, and distributed so that the Secretary of the Treasury is fully satisfied that the article after all labels have been removed and after it has been cut into patties for use on the table can readily be recognized by the general public as oleomargarine and duly distinguished from butter."

Mr. COMBS. Mr. Chairman, I trust that I shall not have to take the full 5 minutes allotted me. The amendment I am offering is what I believe to be the correct approach to producing an honest situation in the sale of colored oleomargarine. I think it is evident that since oleomargarine so accurately duplicates the taste of butter, that when you permit it to be colored as butter it becomes easy to palm it off on people as butter. This is unfair to the consuming public and it is unfair to the dairy industry.

The approach to dealing with that question that I have offered is this: We would leave the Rivers bill as it is insofar as it repeals all taxes and regulations on manufacturers, sellers, handlers, and dispensers of oleomargarine, whether it is colored or not, provided—and I have sought to leave this to the Treasury instead of trying to devise here on the floor how to do it—that the Secretary of the Treasury shall see to it that those who sell oleomargarine colored yellow shall so manufacture, distribute, and dispense it that those who purchase it, whether on the table in a public eating place or in a grocery store, will know what they are getting. As to that, it

will leave in full force and effect every present regulatory law. All that any manufacturer, merchant, or other dispenser of colored oleomargarine will have to do to exempt himself from all taxes and regulations is simply to be honest with the American people and with the American dairy farmers; that is all.

Mr. FERNANDEZ. Mr. Chairman, will the gentleman yield?

Mr. COMBS. I yield to the gentleman from New Mexico.

Mr. FERNANDEZ. The effect of the gentleman's amendment will just be that as long as they pay a tax they can call it butter and so deceive the public. They pay the tax for the privilege of doing that.

Mr. COMBS. No; that is not the effect at all. It would not permit colored margarine to deceive the people simply by paying a tax. My amendment would leave in full force and effect every law now on the statute book which prevents such deception. What it does do is to relieve manufacturers and dispensers of oleomargarine, either colored or not, free from all taxes and restrictions so long as they deal honestly with the American people by selling it for what it is. But I repeat it would leave the punitive laws in effect only as against those who sought to deceive and defraud the public. I cannot see how any honest man can possibly object to that.

Mr. FERNANDEZ. That is it. They would pay a tax for the privilege of doing that.

Mr. COMBS. No; that is not correct. They would incur a tax, possibly, as part of the penalty for such fraud, but it would in no wise relieve them from those provisions of the existing laws which forbid it. There would be no change whatever in existing law. If it protects now, it would still protect against unfair competition with the American dairy farmer and tend to insure as much as the law now insures that we get what we pay for. And in addition it would add such further protection to the American consumer as the Treasury might from time to time prescribe to insure honesty and fairness in the sale of oleomargarine. Personally, I do not want oleomargarine palmed off on me when I buy butter, and I do not think other people would want to have it.

It seems to me that this amendment proposes to enforce the principle of simple, common honesty. I have sought to leave it to the Treasury to devise the means of enforcement. This bill will go to the Senate, where opportunity will be granted, of course, for the Treasury officials and others to come in and study this provision and make it more practical in its workings, perhaps.

My point is that if we want to be fair we should now establish the principle of requiring those who would imitate the product of our farms to be honest in their imitation in selling it to the people. What I want to see is fair competition, and then we will make progress. The American dairy farmer can meet his competition if you will give him a decent chance to do it, because the American people prefer their butter when they can get it at reasonable prices. But if you permit the dairy industry to be seri-

ously injured by unfair and dishonest competition, you will be in the condition that the great industrial area where I live was in 3 or 4 years ago when the dairy industry, seriously crippled and a number of dairies closed out, was unable to furnish an adequate supply of milk for our people. There were times when more than one carload of powdered milk in a month was brought in to manufacture "reconstructed" milk. Such scarcity of milk not only causes such an inferior product to be sold but it puts the price up unreasonably. If we are to have an adequate milk supply in the section where I live, or any other great industrial area, dairy farming must be sufficiently extensive and productive so that there will be a surplus of milk during the fall and winter season when smaller quantities of it are used for such things as ice cream. Consequently, butter and cheese making during those slack seasons is absolutely essential to tide dairy farmers over that period and provide a stable and prosperous industry that can supply milk when needed at reasonable prices. If there are those who think they are going to get cheaper milk and butter by permitting the dairy industry to be seriously injured by unfair oleomargarine competition they are sadly mistaken.

Mr. OWENS. Mr. Chairman, will the gentleman yield?

Mr. COMBS. I yield to the gentleman from Illinois.

Mr. OWENS. I am wondering whether or not the statute which defines butter as that which is made exclusively from milk and cream does not take care of the proposition.

Mr. COMBS. I think this amendment is needed. We must all admit that we are working here under difficulties, with a complicated law. I think we can safely adopt this amendment and be perfectly fair and honest.

In conclusion let me say simply this. I want to see the American consumer get his oleomargarine, either colored or not, free of punitive taxes. I want to see the grocer be able to sell it without unnecessary, hampering regulations. If you adopt this amendment I will be glad to support the bill. But the Rivers bill provides no protection at all for the American consumer and the American dairy and I simply cannot support the bill in its present form. From my viewpoint, were I to do so, I would be acting contrary to the best interest of the dairy farmers and consumers alike. Again I repeat I hope you will adopt this amendment and I believe that many of us could then support the bill who otherwise cannot.

Mr. RIVERS. Mr. Chairman, I ask unanimous consent that debate on this amendment close in 2 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. RIVERS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this amendment offered by the gentleman from Texas by his own admission, at least that is my understanding of it, means that if you want to serve this as butter and pay the tax,

it would be perfectly all right. That would knock the argument of my friends from Wisconsin into a cocked hat. That is a terrible thing. We have laws on the statutes books now dealing with fair trade practices. The Federal Trade Commission handles that. That pure food and drug laws are abundant and perfectly plain on this subject. This would really give us the works. I am terribly afraid of this amendment. Let us vote it down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. COMBS].

The question was taken; and on a division (demanded by Mr. COMBS) there were ayes 90, noes 132.

So the amendment was rejected.

Mr. SCHWABE of Oklahoma. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the measure under consideration has far-reaching effects upon the people of my State, particularly the farmers of the State of Oklahoma.

The latest figures obtained from the Department of Agriculture show that there are 164,790 farms in the State of Oklahoma. One hundred and forty thousand three hundred and nineteen of these farms report cows milked. In other words, 90 percent of our Oklahoma farmers are interested directly in and are immediately affected by this legislation.

It is primarily a question of my considering the interests of 90 percent of the farmers of the State of Oklahoma or the some 26 margarine manufacturers who have been conducting a huge and expensive advertising campaign. I always prefer to befriend those who cannot protect themselves, rather than to look after the interests of those who are able to protect their interests and who are so aggressive in the expenditure of large sums of money to influence legislation. I have cast my lot with 90 percent of the farmers of Oklahoma rather than with the large manufacturers of margarine.

The products of the farm are our basic commodities. Civilization depends more upon the production which results from labor on the farm, and particularly from food production, than from any other type of human activity. Food is the first essential and milk is perhaps the most universally needed item of food. From birth to the grave, we must have milk if our civilization is to survive.

In addition to the producers of milk we have 102 dairy-products processing plants in the State of Oklahoma. Fifty-two of these produce butter. Many of them produce ice cream. Some produce cheese, and so forth. Generally speaking, they are typical small business enterprises, whether owned by farmer cooperatives or private investors. These plants employ many hundreds of people, whose future pay rolls will be determined to a greater or less extent by the way we vote on this measure.

One very important, although indirect and more remote, effect the passage of this bill will have upon our farmers and upon our people generally should be considered. I refer to the decrease in our milk-cow population of Oklahoma. In 1944 we had 920,000 milk cows in Oklahoma. Today the figure stands around

765,000 or less. If this bill passes, our milk-cow population will almost surely decline greatly. Likewise, it will decline Nation-wide. Everyone familiar with the over-all picture must realize that butter is the balance wheel of our dairy economics. A large percentage of the people living on farms in this country depend upon the sale of milk, cream, or butter as almost their only regular periodical cash income. It takes care of the family necessities. It puts shoes on the children's feet and clothing on their backs, and it also furnishes the table at home, that all-important food for the children—milk, butter, and the use of these items in cooking. The milk cow feeds our children and pays off the farm mortgage. If this bill passes and the milk cow moves off the farm, the family simply will not have this highly desirable food and will not have the money with which to purchase a colored substitute.

Soil conservation has been too long neglected. Soil rebuilding and conservation are absolutely essential if we are to continue to feed our own people and assist in feeding the peoples of other lands. The source of the best soil enrichment and fertilization will leave the farm with the sale of the cow. No commercial fertilizer has ever equaled that which is afforded by the keeping of milk cows on a farm. Again, while the cow is on the farm the fertilizer is immediately available, but if the farmer has to buy commercial fertilizer he likely will not have the money or will not expend the money for that purpose until the soil is so impoverished that it will not produce any further.

A large percentage of our meat—I refer to beef—comes from the dairy cattle, rather than from the beef types of cattle. This is such an important factor that it cannot be overlooked during these times of meat shortages. If this bill passes it means less meat, and particularly less beef on our tables, and it means higher prices for all kinds of meat.

The cotton growers will not benefit by the passage of the bill to the extent that they have made the people believe they will benefit. The dairy farmer in Oklahoma today pays twice as much for cotton seed and soybean meals which are sold as dairy feed, as the value of the two oils sold for margarine. Similar situations exist in other States.

One more consideration of vital importance. In some 23 States, there are heavy taxes on margarine. Before this modest Federal tax removal would benefit the consumers by offering margarine at a slightly less cost than is being paid today, the State legislatures of the 23 States would have to remove their taxes on margarine.

Some important amendments will be offered. If this bill is to pass, it should not be passed in its present form, but some of these amendments should be adopted. Otherwise, the adoption of this measure, in its present form will do great injustice to the farmers of my State, and of every other State which has any considerable dairying business. It will tend to the further impoverishment of our soil, lessen our quantity of available beef, result in higher prices for all meats and

will be of no material benefit to anyone, except the margarine producers, the big packers, and other big corporations engaged in the manufacture and sale of margarine. Then we will have substitutes instead of the genuine article. Then we will kid ourselves by coloring the substitute. Why not be realistic. If the various brands of margarine are pure and wholesome as a food, let us have them unadulterated and in their natural color, rather than permitting the manufacturers to deceive the public by giving them the same color as butter.

Mr. RIVERS. Mr. Chairman, I wonder if we cannot arrive at some agreement to close debate.

I ask unanimous consent that all debate on the bill and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

Mr. GROSS. Mr. Chairman, I object.

Mr. RIVERS. Mr. Chairman, I move that all debate on the bill and all amendments thereto and all substitutes close in 10 minutes.

The motion was agreed to.

Mr. GROSS. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. GROSS: Add the following new section at the end of the bill: "No cottonseed oil shall be used in the manufacture or production of oleomargarine unless such cottonseed oil shall have been produced from cottonseed grown in areas certified to be free from pink boll weevil worm infestation."

Mr. BULWINKLE. Mr. Chairman, a point of order.

Mr. MITCHELL. Mr. Chairman, I make the point of order that the amendment offered by the gentleman from Pennsylvania is not germane. It is a frivolous amendment and has nothing to do with the measure itself. It relates to the production of raw material and has nothing to do with this bill.

The CHAIRMAN. Does the gentleman from Pennsylvania desire to be heard on the point of order?

Mr. GROSS. Definitely, Mr. Chairman.

I contend it is entirely germane since it is going to deal with what goes into oleomargarine.

We dairy farmers of America have spent millions of dollars and years and years of hard work to produce the best product we can.

The other day I heard people spitting around when they talked about worms in cottonseed oil, saying that they did not want to eat it any more. I want by my amendment to clear that up and make oleomargarine a clean product, an appetizing product, a product that everybody will want to eat.

Mr. BREHM. Will the gentleman yield?

Mr. GROSS. I yield.

Mr. BREHM. Does the gentleman believe that the boll weevil worm is "germ-main" to oleomargarine?

Mr. GROSS. I do.

The CHAIRMAN. Will the gentleman address himself to the point of order?

Mr. GROSS. I am, Mr. Chairman.

Mr. MITCHELL. Mr. Chairman, I make the point of order that the gentleman is not confining his remarks to the point of order.

Mr. GROSS. My amendment will safeguard the public.

Mr. MITCHELL. Will the gentleman accept an amendment—

Mr. GROSS. Mr. Chairman, I will not yield.

Mr. MITCHELL. Mr. Chairman, a point of order.

Mr. GROSS. My amendment will save the public in this respect, that it will not permit—

The CHAIRMAN. The Chair is prepared to rule.

The pending bill deals with the removal of a tax on oleomargarine, whereas the gentleman's amendment deals with the question of content.

The point of order is sustained.

Mr. GROSS. Mr. Chairman, could we not remove the worm at the same time?

The CHAIRMAN. Does the gentleman from Pennsylvania desire to be recognized for 2½ minutes of the time remaining?

Mr. GROSS. No, Mr. Chairman.

I offer a preferential motion.

The Clerk read as follows:

Mr. GROSS moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken.

The CHAIRMAN. The gentleman from Pennsylvania is recognized for 5 minutes.

Mr. GROSS. Mr. Chairman, I had no other object in mind—and I hope you will accept me seriously in this matter—I had nothing in mind except to safeguard the public health. As I said a moment ago, we have gone to such great extremes in the protection of dairy products in this country that every cow whose milk goes to the market has got a clean bill of health; and yet you come along here and make oleomargarine out of oils from areas that are infested with pests, the worms of which live in the cottonseed. I am referring to the pink boll cotton worm. Now, when this seed is crushed, these worms are crushed too. Believe me, and I have a bottle of them here in my pocket.

My amendment would do nothing but protect the public health. It would put a good taste in the mouth of a lot of people, so much so that it would increase the sale of oleo. It will not penalize any other area.

There are a few sections, a few counties in Texas and two or three in Oklahoma, where we have spent millions of dollars of public money to get rid of this pest. Just as soon as they get rid of it and have clean cottonseed meal, then this prohibition automatically goes off and they can crush their cottonseed, and we can use cottonseed meal from wherever it comes. It seems strange to me that the only oleomargarine plant that I know of would not permit the public in the plant. Our Hershey chocolate company and all of the large meat packers and processors invite the public to inspect their plants, and conduct tours through their establishments, and have thus greatly expanded the sale of their

products. It certainly affects human food, for cottonseed meal crushed in the area where this pest infestation occurs is fed to cows whose milk goes into the market and into the manufacture of butter and the oil goes into oleomargarine. Since that is the fact, it is important.

Another thing, let me say to the people from the South, we want you to put a clean product on the market. We are interested in public health. We want them to have a good market. We want them to put out a product that is appetizing, something that will have them licking their lips like they used to over butter before you spread stories calling butter a filthy product, such as we heard earlier in this debate.

Take me seriously. Pass this amendment. It will raise the quality of your product. It will help clean up the infested areas and do a great deal to help the advancement of public health. I plead earnestly with you fellows from down there. I hope you do not want to put something on the market that is inferior. This amendment would really do something for the consumers of oleo in the country.

Mr. Chairman, I yield back the balance of my time.

Mr. RIVERS. Mr. Chairman, I rise in opposition to the motion.

The CHAIRMAN. The gentleman from South Carolina is recognized for 5 minutes.

Mr. RIVERS. Mr. Chairman, I have refused to pay any attention to the gentleman from Pennsylvania [Mr. Gross], and I am not going to now, for anyone who knows anything about the subject knows that no boll weevil ever gets into the seed because the seed is not formed at the time the boll weevil is active. I have just been laughing at him like everybody else who knows anything about it. You know good and well that there are no boll weevils in this when it is cottonseed oil. It is so absurd that the proposition hardly needs answer and, of course, I am not going to pay any attention to it except to recommend that we put it where it belongs.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

The question is on the preferential motion offered by the gentleman from Pennsylvania [Mr. Gross].

Mr. SABATH. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SABATH. May I inquire how much time has been used in speaking against the motion of the gentleman from Pennsylvania? I think about 2 minutes have been used and there are 5 minutes permitted.

The CHAIRMAN. The gentleman from South Carolina had 5 minutes, but he yielded the floor, so all debate in opposition to the motion has concluded.

The question is on the preferential motion offered by the gentleman from Pennsylvania [Mr. Gross].

The motion was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. BYRNES].

Mr. BYRNES of Wisconsin. Mr. Chairman, it is perhaps fitting that the present Democratic administration should have put its stamp of approval on the legislation now before us removing the dairy farmer's last Federal protection against complete imitation of butter—his principal source of cash income.

As my distinguished colleague, the gentleman from Wisconsin, REID MURRAY, has frequently and tellingly pointed out, the present Department of Agriculture has repeatedly demonstrated its allergy to the dairy farmer and his products. It is fitting that this crowning blow to the stability of the dairy industry should receive the tacit approval of that Department. It is entirely in keeping with its antidairying sentiment.

Mr. Chairman, we should not be here today seeking to destroy the dairy industry. We should be strengthening it. Yet this legislation is nothing more nor less than a crippling blow to an agricultural industry without which this Nation could not long remain strong and prosperous. I hope today to be able to explain to you the nature and significance of that crippling blow.

What is the basic purpose of this legislation? You can argue all day; you can toss figures hither and yon, but this elemental fact remains: The purpose of this legislation is to increase the sales of an imitative product by legitimatizing its imitation.

What would be the basic effect of the passage of this legislation? It can have only one basic effect. The repeal of the Federal tax on oleo colored yellow in imitation of butter can only lead to the greatly increased consumption of the imitative product itself—oleo.

We would not be here today if this were not so. The vast sums of money being spent to force through this legislation are not being spent for any altruistic purpose. They are being spent by a hard-headed group of manufacturers—manufacturers who seek to benefit from this legislation—the manufacturers of oleo. They know they will benefit from this repealer because they know that it will greatly increase the sales of an imitative product which they can produce at a fraction of the cost of the genuine article. The fact that oleo sales will greatly increase with the removal of all restrictions upon its manufacture in complete imitation of butter has never been denied—nor can it be—by any proponent of this repealing legislation.

Thus, one fact can be stipulated at the outset. We are discussing legislation designed to increase greatly the sale of oleo. What will be the effects of greatly increasing the sales of oleo—the great imitator?

The first effect is so evident that it can also be stipulated almost automatically. Greatly increased sales of oleo will cause greatly reduced sales of the genuine product—butter. Proof of this is a matter of historical record. Since 1912, statistics shows that every-time oleomargarine consumption goes up, butter consumption declines. During the past 36 years, the per capita consumption of oleo has been under 2 pounds in 9 years and 3 pounds or over

for 11 years. When it was under 2 pounds, per capita consumption of butter averaged 17.3 pounds. When it was 3 pounds or over per capita, butter consumption fell to 13.6 pounds.

Two basic facts thus are established. This legislation means, first, increased consumption of the imitator, oleo; and, second, decreased consumption of that which it imitates—butter.

Now, let us translate those facts into their effect upon both producer and consumer in this complex economy of ours.

The most important effect of this shift in the usage of basic fats will be higher milk prices and higher meat prices for the housewife.

It can easily be seen why this is so.

While the consumption of milk is fairly level, its production is not. It is highly seasonal. During the flush summer season, the dairy cow produces 50 percent more milk than in the fall and winter months. During the flush season, milk production greatly exceeds consumption. The surplus must go into storable products, principally into butter. Butter manufacture, in other words, provides an outlet for the farmers' surplus milk after all other outlets are satisfied. This fact is important not only because of the seasonal production of milk, but because some of our greatest dairy States such as Iowa, Minnesota, Nebraska, and South Dakota are distant from the city market for fluid milk. In these States, butter is the only outlet for a major share of the milk produced.

What happens when we dangerously lower the consumption of this major market for surplus milk—as is proposed in the pending legislation?

If his surplus milk cannot find its way into butter manufacture because consumption has drastically dropped, the farmer has only two alternatives. He can dump his previous, high-cost, surplus milk down the drain, or he can reduce his production of milk to the level of demand. He will naturally choose the latter course. He can reduce his production in only one way. That way is by culling his herd of dairy cattle. The inevitable effect of this legislation will unquestionably be a drastic reduction in the number of milk cows in the Nation.

Proof of this can also be found in the record.

The production and consumption of oleo during the war received tremendous impetus from the restrictions placed upon butter and from the preferences given to the fats and oils used in oleomargarine, and is still being carried forward by that impetus.

Butter production fell from 1.8 billion pounds in 1944 to 1.6 billion pounds in 1947, a loss of 200,000,000 pounds. During the same period oleo production increased 150,000,000 pounds.

What effect has this shift had on the size of our dairy herds? In the United States the number of cows and heifers 2 years old and over kept for milk decreased from 27,700,000 to 25,165,000. That is the over-all loss of 2,500,000 milch cows for all 48 States.

But, even more significant is what happened to dairy herds in the West North

Central States, that great butter-producing region west of the Mississippi, which includes Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, and Kansas. It is in this region that over 60 percent of our butter is produced.

While oleo sales were supplanting the sale of butter from 1944 to 1947, what happened to the dairy herds in these great States?

The tragic fact is that the number of milk cows fell from 7,183,000 to 5,848,000, or a total loss of 1,335,000 cows and heifers. In other words, 52 percent of the 2,500,000 decline in milk-cow population took place in a seven-State area which produces 60 percent of our butter and which contains only 25 percent of our milk-cow population.

This, to me, is almost conclusive proof of the insidious effect of increased oleo consumption at the expense of butter.

I think it is firmly established, then, that a decline in butter consumption can only mean a decline in the number of our milk cows, and a decline, therefore, in the total production of milk.

But, can we afford a decline in the total production of milk?

Our population has increased to 145,000,000 people. Our marriage rate has increased from 1,400,000 per year before the war to 1,900,000 in 1947. There were 3,900,000 babies born in 1947, an all-time record. Per capita consumption of milk products other than butter is at a record all-time high. We will probably produce less milk this year than the demand.

Yet, we are here today considering legislation which can only have the effect, as I have demonstrated, of lowering the number of milch cows and the production of milk.

The answer can only be a milk shortage—sharp and continuing. The answer can only be higher prices to the consumer for milk—and since 40 percent of our beef comes from dairy herds—less meat and higher prices for it.

That is the real issue in this controversy. It is an economic issue. It is for us to decide whether we shall benefit the few manufacturers of oleo by sacrificing one of the most stable elements in our agricultural economy and by imposing higher prices for basic foods upon the unsuspecting housewife. I cannot see how this House, in its wisdom, could consent to such a tragic error.

There are other issues, too.

Shall we pass this repealing legislation, and thus, give full legitimacy to an imitative product? If we consent to the unrestricted production of imitation butter, cannot the same principle be applied to any product which is capable of complete, on-the-surface, imitation of the genuine thing? I shudder to think of the unrestricted production of filled milk, filled ice cream, filled cheese, each of which can be manufactured by the same method as oleomargarine.

Shall we pass this legislation—and, by striking at dairying, strike hard at the type of farming that is closely associated with sound solid conservation practices?

Shall we pass this repealing legislation, and give aid and comfort to the 26 margarine manufacturers and financial ruin

to the 3,000,000 small butter producers? It is amusing to see our Democratic friends profess undying love for the cooperative movement in this Nation with one breath, and with the next, sponsor this vicious legislation which strikes at the heart of the strongest and most progressive cooperatives of all—the dairy cooperatives. In Wisconsin, Michigan, and Iowa, over 80 percent of the butter is produced in cooperative creameries controlled by dairy farmers living and working on family-sized farms. Ask them what this legislation means to them.

These are the fundamental issues, Mr. Chairman, in this controversy. It is these fundamental issues which we must weigh in the balance when we consider the removal of a tax which does not add one cent to the cost of oleo, in its natural color, white, and whose only sinister effect is to inconvenience the housewife if she wants her oleo yellow and does not take advantage of modern packaging of the imitative product.

In the best interests of the whole population, of farmer and housewife alike, this legislation, Mr. Chairman, should be soundly defeated.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. CORBETT].

Mr. CORBETT. Mr. Chairman, I rise in these closing moments of the debate to congratulate the committee and the House on its activity this afternoon and to point out that in this vote to repeal the margarine tax, which I am sure will be carried, we will be eliminating a tax which is repugnant to the whole free enterprise system. I urge that we send this bill to the Senate with a resounding majority.

The CHAIRMAN. The Chair recognizes the gentleman from Washington [Mr. JACKSON].

Mr. JACKSON of Washington. Mr. Chairman, I am opposed to the pending legislation in its present form. In my opinion, it is not fair to either the farmer or the consumer.

I represent one of the richest dairy sections in the United States. However, I also represent a large urban area. Arguments have been made here today that their interests are conflicting in this fight on the repeal of the taxes on oleomargarine. I vigorously disagree with that viewpoint.

The removal of all taxes on oleomargarine and granting oleo manufacturers complete freedom to sell their product, colored or uncolored, as imitation butter would be just as harmful and unfair to city consumers as to farmer producers.

Let us first take the dairy farmer. The dairy farmers know that if they are denied protection for their industry against unfair competition by colored oleo, they will suffer financial loss. They also know from experience before and since the passage of the Federal tax law on oleo that the consumer will be gypped by unscrupulous dealers selling colored oleo as butter—at butter prices.

The dairy farmer has an investment to protect, an investment in equipment, in experience, in cattle, and in outlets for his products—many of them cooperatively owned and cooperatively managed.

Altogether there are some 4,500,000 dairy farmers, of whom 1,250,000 absolutely depend upon 4,000 local creameries for almost their only regular cash income. In this sense the dairy farmer is a small-business man and, like all small-business men, he is entitled to protection from powerful interests competing unfairly with his goods and services.

One of the dairy farmers' leading products is butter. It is a recognized high-quality product for which, presently, the demand exceeds the supply. Traditionally our American producers of everything from bicycles to bedspreads have been entitled to protection against those who duplicate their products in inferior materials and palm off the result on the American people to their own profit. Such a procedure is unfair to manufacturer and consumer alike, and it does no good to say that this thing would not occur in the case of colored oleomargarine, because it would occur. It has occurred.

Let us all remember this: Butter is the cornerstone of the dairy farmer's economic structure. To have enough milk to meet fluid demands in the slack season requires an excess of milk in the flush season. Much of this surplus must go into butter production. If butter could not be produced profitably, farmers would naturally have to reduce their herds, and the consequent shortage of milk in the slack season would be aggravated and tend to raise fluid-milk prices. Contrast this body blow to our basic dairy industry with the rather inconsequential effects any tax removal will have on the total sale of soybean and cottonseed oil. Oleo represents less than 3 percent of cash farm income.

Finally, let us not forget that anyone who has given even casual study to the soil-conservation and fertility problem in our country knows the valuable contribution made by the dairy cow. Are we to aggravate still further a situation which is already critical in the face of a continuing world food shortage? Are we the most prodigal nation in the world with our land resources, to deplete them even further?

Now let us study the effects of this proposed move on the consuming public.

First, oleo prices are not based on production costs but on a historical competitive ratio with butter. Traditionally, oleo has sold for about half butter costs. Is any Member here today so naive as to believe that if these taxes are removed the saving will go to the consumer? Uncolored oleo will probably go off the market, and only colored oleo will be sold. There will obviously be an increased demand for oleo which will boost the price more than any tax saving. The consumer will not save, and the United States Treasury will lose, but the oleo manufacturer will increase his already exorbitant profit.

In Atlanta, Ga., last week uncolored oleo sold for 30 cents. Oleo already colored yellow sold for 50 cents a pound, or 20 cents more. The Federal tax on colored oleo is only 10 cents. What excuses that other time of profit on colored oleo, if it is not the undeclared attempt to deceive others?

In Terre Haute, Ind., the price for uncolored oleo last week was 32 cents a pound. The price for the same product already colored yellow was 59 cents, or an increase of 27 cents. The Federal tax on colored oleomargarine, as I remind this House again, is only 10 cents. To make it abundantly clear that this is just what is happening, a grocery store in Kansas City, Mo., last week displayed a card above a box containing oleo. The card read:

Colored oleo—looks and tastes like real butter.

The price for the colored oleo was 55 cents a pound, 20 cents more than the uncolored product despite the fact that the Federal tax is only 10 cents.

It is this sort of deception which the dairy farmer hates and fears. Its effect on his market can only be disastrous, despite the fact that it is a kind of competition which we do not favor in this country. Losing his market to a better product at a better price is one thing. Losing his market to an inferior product at a price which follows the cost of butter, rather than the cost of its ingredients in manufacture, is quite another thing entirely. No Member of this House would approve that kind of competition in his own business or the business of his friends. No small dairy farmer can long endure that kind of competition and continue to make a living.

With no white oleomargarine to be had, what becomes of the competitive price in the oleo field? If there is no white oleo available, there will be nothing to compete with colored oleo from below. The only price factor which the oleo manufacturers will have to keep in mind will then be the price of butter. So long as they stay below the price of butter, they will be able to sell unlimited quantities of their product. Oleo prices, as I have said, bear no relationship to the cost of their ingredients. They are geared to butter prices and nothing but butter prices, a clear indication that oleomargarine is an imitation product engaged in following the leader rather than developing its own field.

The probable effect of widespread oleo sales on the dairy industry has already been pointed out to this House. It cannot be said often enough that the dairy farmer will suffer, and that when the dairy industry is reduced our whole standard of living goes down with it. Without butter outlets the dairy farmer cannot maintain his milk supply in slack seasons. We have lost 11 percent of our dairy cattle since 1945, as a direct result of this constant harassment of the dairy farmer. It has been predicted that we will lose another 2,500,000 head of dairy cattle in the next 3 years if the Federal taxes on oleomargarine are repealed.

We already face a severe meat shortage before this year is over. Forty percent of our meat production comes from the dairy industry. If farmers cannot dairy farm profitably, obviously they will slaughter their stock. Over the long run, who here will predict what astronomical prices meat will soar to under these circumstances? Will the housewife be grateful to the Congress that has brought this intolerable situation into being? I

do not believe she will and I urge you gentlemen to consider this thoughtfully before voting on this matter today.

The oleo interests are right in saying that Federal restrictions on their product are unique. But the incentives to fraud and deception in the manufacture and sale of their product are also unique. The tremendous quantities involved, the price differential between oleo and butter, and the ease with which deception can be practiced are powerful temptations. The end result of unrestricted sale of oleo, however, can only be a reduction of our meat and dairy resources and an increase in meat and milk prices to the consumer.

In conclusion, let me say this: If you are determined to disrupt our agricultural economy by this action; if you do insist on removing these so-called discriminatory taxes, then at least do this one thing—prohibit the sale of margarine colored to simulate butter. Protect the housewife against those few unscrupulous dealers who would pawn off on her a poor substitute at butter prices. If she chooses to buy oleomargarine, that is her privilege; but if she wants butter, it is our duty to see she gets butter.

Mr. RIVERS. Mr. Chairman, I ask unanimous consent that all Members may be granted permission to extend their remarks at this point in the Record on the pending bill.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

THE IMPORTANCE OF MILK

Mr. PHILLIPS of California. Mr. Chairman, in the controversy over the repeal of Federal taxes on oleomargarine, not enough attention has been paid to the preference of the American consumer. There is no doubt that the American consumer prefers to use butter wherever possible.

The American Dairy Association recently conducted a test with 7,850 patrons of a cafeteria to determine the percentage of choice. At 2 cents a pat for butter as against 1 cent a pat for oleo, 93 percent of the cafeteria patrons chose butter. At 1 cent a pat for butter as against free uncolored oleo, 98 percent chose butter. In the armed forces commissaries, where servicemen's wives spent their own money for household food, butter outsells oleo 5 to 1.

Yet our highest per capita consumption of butter was 18.5 pounds in 1926. By contrast, butter consumption in New Zealand between 1930 and 1940 averaged from 40 to 47 pounds of butter per capita. In Australia and Canada it was over 30 pounds for the same period, and in the United Kingdom from 20 to 25 pounds per capita.

Is the famed American standard of living to be less than that of the New Zealanders? Are we to keep on having less butter than Australia and Canada? Butter production is still staggering under wartime demands upon our dairy industry. Today our American consumption of butter is only 11.2 pounds per capita.

How has this situation come about? Governmental regulations and restric-

tions on the dairy industry, and indeed on all our livestock industries, have penalized their output since we first began plowing under little pigs. The OPA followed. The trend still continues. Our dairy-cow population has shrunk 11 percent since 1945.

Milk production is down from last year and the trend has not yet been checked. The decline seems to be at its worst in the butter-producing parts of our country. It began when butter was discriminated against by Government order during the war, and the present scarcity and high prices of butter are natural results.

If the butter industry is now to be further injured by loss of part of its milk to yellow oleomargarine this trend will be accentuated. We will find milk even less plentiful in the milk sheds around our industrial centers. Higher prices for milk will follow as a matter of course, due to the relationship between fluid milk production and butter production.

If the butter market is affected by colored oleo sales, there will, of course, be a temporary surplus of milk. Those who say, "What of it? Let the consumers drink more milk," do not have the answer. That milk surplus will exist only for the length of time necessary to dispose of the dairy herds. The farmer cannot afford to keep enough cows to insure an even flow of milk unless he has a butter outlet for his surplus.

If we are to have enough milk in the slack season, the dairy farmer must milk more cows than he needs in the flush season. This situation arises from the fact that cows give more milk in June than they give in November, while consumption remains the same. As long as butter absorbs the surplus milk, the dairy industry is able to maintain a balanced output. Without butter outlets, however, farmers would cut their herds to the point where there would be too little milk in winter and the price of milk would go up. In California, this would be serious because we have a great increase of population and milk is already in short supply.

The gentleman from Minnesota [Mr. ANDRESEN] has estimated that, if we removed Federal restrictions from the sale of colored oleomargarine, our dairy herds will suffer a further reduction of not less than 2,500,000 head in the next 3 years, some farmers would go out of dairying altogether, losing what they have invested in their dairy equipment and cooperative creameries. The consumer's milk bill would be increased by more than the possible saving in oleomargarine, as consumer's cost would also be increased indirectly by increased costs of meat and leather products.

Other farmers, faced with the loss of their butter market, might sell milk in other dairy markets. There are 1,250,000 farmers who rely on farm-separated cream for almost their only source of cash income. The economic impact of a change in distribution methods would be widespread and profound. No matter from what direction we approach this problem, the inevitable result promises to be less milk at a time when our increasing population requires more.

We are faced with the philosophy that an imitation food product is legitimate and acceptable provided it is somewhat the nutritional equivalent of the product it imitates. This philosophy opens the way to substitutions for milk, for cheese, and for ice cream. We foresee a day when the consumer will no longer get what she pays for, but will be confronted with synthetic products in place of natural butter, milk, and manufactured dairy products to which she is accustomed. That day is near at hand.

Today oleomargarine is outselling butter for the first time in our country's history. December and January figures show that 128,000,000 pounds of oleo were sold in the Nation's stores compared with 108,000,000 pounds of butter. A few years ago oleo enjoyed a distribution of only 50 percent. Now it has 80 percent distribution.

Of the combined sales of spreads for bread, oleomargarine formerly accounted for only 19 percent. Today it has risen to 54 percent of the combined market. Oleo production has more than doubled since 1941.

It would appear from these figures that the oleomargarine industry is doing rather well. The present Federal taxes on the sale and distribution of oleomargarine have not hurt the 26 big manufacturers that account for the bulk of this product. These taxes have not restricted the dealers in oleo, and they certainly do not hurt the consumers. The Federal tax on uncolored oleo is only one-fourth of 1 cent per pound, and amounts to only a few pennies for each consumer in the course of a year. No housewife pays the 10-cent tax if she buys her oleo white and mixes the color herself, as millions do.

There is more at stake in this controversy than the welfare of 26 big corporations. There is more at stake than the convenience of the housewife. There is more at stake than a few pennies of Federal tax per pound on colored oleomargarine. What we risk in the repeal of the Federal taxes on oleo is a milk supply for us and for our children, the food supply for our friends overseas, and the successful existence of our Nation's dairy industry. This matter is of vital interest to 4,500,000 farm families, of whom 1,250,000 depend upon butter, as I have stated, for almost their only source of regular cash income. The farmer, as a small-business man, is entitled to protection against the inroads of an imitation product. The consumer is entitled to protection against imitation. The color requirements affecting oleo are among the means of affording that protection.

Mr. CHIPERFIELD. Mr. Chairman, upon three occasions this afternoon I voted to remove the tax on colored oleomargarine. I did so because I wanted the housewives to have a cheaper colored spread if they so desired.

However, I followed this course only when the proposed amendments were coupled with the provision that manufacturers of colored oleomargarine would so package their product that it would be readily identified as oleomargarine and not mistaken for butter. This would have protected consumers from getting oleomargarine under the guise of butter.

I also voted for amendments which would have protected those eating in public restaurants from being served oleomargarine instead of butter without their knowledge.

Since the final form of the bill did not provide this protection to the public I voted against it.

In my judgment the provisions of the bill as passed are against the best interests of the farmers producing butter, and provide unfair competition to this dairy product which is so essential to the welfare of this country.

I am fearful those in Illinois who believe this legislation will be beneficial to them have been misled because there is a State statute which prohibits the manufacture and sale of colored oleomargarine in the State of Illinois. Until this State statute is repealed this legislation will have no effect in Illinois.

Mr. RIVERS. Mr. Chairman, I move that the committee do now rise and report the bill back to the House with an amendment with the recommendation that the amendment be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. ARENDS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 2245) to repeal the tax on oleomargarine, had directed him to report the bill back to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

Mr. RIVERS. Mr. Speaker, I move the previous question on the bill and amendment thereto to final passage.

The previous question was ordered.

The SPEAKER. The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

Mr. MURRAY of Wisconsin. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. MURRAY of Wisconsin. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. MURRAY of Wisconsin moves to recommit H. R. 2245 to the Committee on Agriculture with instructions to report it back forthwith with the following amendment: Add a new section to the bill which reads as follows:

"Sec. 3. Section 2470 of the Internal Revenue Code is hereby repealed."

Mr. RIVERS. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state it.

Mr. RIVERS. The proposed motion is not germane to the bill. It seeks to amend a provision of law with which this bill does not deal.

The SPEAKER. Does the gentleman from Wisconsin desire to be heard on the point of order?

Mr. MURRAY of Wisconsin. I am sure it is germane, Mr. Speaker. I know of no other law which covers the tax on the principal ingredients of oleomargarine.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. MURRAY of Wisconsin. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, the motion to recommit offered by the gentleman from Wisconsin [Mr. MURRAY] is the same amendment that was voted on in the Committee of the Whole. No point of order was raised at that time against the amendment, and a vote was taken. The substance of the amendment deals with a part of the ingredients of oleomargarine, a very desirable ingredient, they say. I feel that the amendment is germane, and had a point of order been raised in the Committee of the Whole and sustained, it might have been different. It was germane in the committee and acted on, and it should be held to be germane now.

Mr. RAYBURN. Mr. Speaker, will the gentleman yield?

Mr. MURRAY of Wisconsin. I yield to the gentleman from Texas.

Mr. RAYBURN. The only thing I desire to say, Mr. Speaker, is that if this motion is germane, then you might offer a motion to repeal all of the income-tax laws now on the statute books.

The SPEAKER. The Chair is ready to rule.

The Chair would hold that the bill under consideration is one which deals solely with oleomargarine. The instructions contained in the motion to recommit deal with a part of the general revenue laws and other substances which do not include oleomargarine. Therefore, the Chair sustains the point of order.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. AUGUST H. ANDRESEN. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. AUGUST H. ANDRESEN moves to recommit the bill H. R. 2245 to the Committee on Agriculture with instructions to report the same back forthwith with the following amendment: Strike out all language after the enacting clause and insert the following:

"That all sections of the Internal Revenue Code relating to taxes on oleomargarine and the manufacture, distribution, handling, and sale of oleomargarine and the taxing or licensing of persons engaged in the manufacture, distribution, handling, and sale thereof, are hereby and herewith repealed.

"Sec. 2. (a) There is hereby assessed and levied upon oleomargarine which shall be manufactured and sold, or removed for consumption or use, a tax at the rate of one-fourth of 1 cent per pound: *Provided*, That no oleomargarine shall be manufactured or sold which is yellow in color.

"(b) The tax levied by subsection (a) shall be paid by the manufacturer.

"Sec. 3. (a) For the purposes of this act oleomargarine shall be defined as certain manufactured substances, certain extracts,

and certain mixtures and compounds, including such mixtures and compounds with butter, and such mixtures and compounds shall be known and designated as "oleomargarine," namely, all substances known prior to August 2, 1886, as oleomargarine, oleo, oleomargarine oil, butterine, lardine, suine, and neutral; all mixtures and compounds of oleomargarine, oleo, oleomargarine oil, butterine, lardine, suine, and neutral; all lard extracts and tallow extracts; and all mixtures and compounds of tallow, beef fat, suet, lard, lard oil, fish oil or fish fat, vegetable oil, annatto, and other coloring matter, intestinal fat, and offal fat—if (1) made in imitation or semblance of butter, or (2) calculated or intended to be sold as butter or for butter, or (3) churned, emulsified, or mixed in cream, milk, or other liquid, and containing moisture in excess of 1 percent or common salt. This section shall not apply to puff pastry, shortenings—churned or emulsified in milk or cream and having a melting point of 118 degrees Fahrenheit or more, nor to any of the following containing condiments and spices—salad dressings, mayonnaise dressings or mayonnaise products, nor to liquid emulsions, pharmaceutical preparations, oil meals, liquid preservatives, illuminating oils, cleansing compounds, or flavoring compounds.

"(b) For the purposes of this act, oleomargarine held to be yellow in color when it has a tint or shade containing more than 1.6 degrees of yellow, or of yellow and red collectively, but with an excess of yellow over red, measured in the terms of the Lovibond tintometer scale or its equivalent. Such measurements shall be made under regulations prescribed by the Commissioner, with the approval of the Secretary, and such regulations shall provide that the measurements shall be applied in such manner and under such conditions as will, in the opinion of the Commissioner, insure as nearly as practicable that the result of the measurement will show the color of the oleomargarine under the conditions under which it is customarily offered for sale to the consumer.

"Sec. 4. This act shall become effective July 1, 1948.

"Sec. 5. No oleomargarine shall be offered for sale in the United States that is from farms infected by pink boll worms."

Mr. SABATH. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state it.

Mr. SABATH. Mr. Speaker, under the rules of the House only one motion to recommit is permitted. That motion was made. This is a second motion to recommit, and I think a second motion to recommit is not in order.

The SPEAKER. No motion to recommit has been considered by the House, because the motion to recommit previously offered was ruled out of order. The Chair holds that the pending motion to recommit is the only proper one before the House.

Mr. RIVERS. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered. The SPEAKER. The question is on the motion to recommit offered by the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. On that, Mr. Speaker, I demand the yeas and nays.

The yeas and nays were refused.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and on a division (demanded by Mr. AUGUST H. ANDRESEN) there were—ayes 98, noes 212.

So the motion was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. HULL. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 260, nays 106, answered "present" 1, not voting 63, as follows:

[Roll No. 52]

YEAS—260

Abbott	Gordon	Murdock
Abernethy	Gore	Murray, Tenn.
Allen, Calif.	Gorski	Nicholson
Allen, La.	Gossett	Nixon
Anderson, Calif.	Graham	Nodar
Andrews, N. Y.	Gregory	Norrell
Angell	Gwinn, N. Y.	O'Brien
Arends	Hale	O'Toole
Auchincloss	Hall	Owens
Bakewell	Edwin Arthur	Pace
Barden	Hall	Passman
Bates, Ky.	Leonard W.	Patman
Bates, Mass.	Hand	Patterson
Beall	Hardy	Peden
Beckworth	Harness, Ind.	Peterson
Bender	Harris	Pfeifer
Bennett, Mich.	Harvey	Philbin
Bland	Havener	Pickett
Boggs, La.	Hays	Poage
Bolton	Hébert	Potter
Bonner	Heffernan	Potts
Bradley	Herter	Poulson
Bramblett	Heseltun	Powell
Brooks	Hess	Preston
Brown, Ga.	Hinshaw	Price, Ill.
Bryson	Holfield	Priest
Buchanan	Huber	Ramey
Buck	Isacson	Rankin
Bulwinkle	Javits	Rayburn
Burke	Jenkins, Pa.	Redden
Burleson	Johnson, Ind.	Reeves
Busbey	Johnson, Tex.	Regan
Butler	Jones, Ala.	Richards
Byrne, N. Y.	Jones, N. C.	Riehlman
Camp	Jones, Wash.	Riley
Canfield	Judd	Rivers
Carroll	Karsten, Mo.	Rogers, Fla.
Case, N. J.	Kean	Rogers, Mass.
Chadwick	Keating	Rohrbough
Chapman	Kee	Rooney
Church	Kelley	Ross
Clason	Kennedy	Russell
Clippinger	Keogh	Sabath
Coffin	Kerr	Sadiak
Cole, Kans.	King	Sadowski
Cooley	Kirwan	Sarbacher
Cooper	Klein	Sasser
Corbett	Kunkel	Scott, Hardie
Coudert	Landis	Scott,
Courtney	Lane	Hugh D. Jr.
Cravens	Lanham	Scrivner
Crosser	Larcade	Seely-Brown
Crow	Latham	Sheppard
Davis, Ga.	LeFevre	Sikes
Davis, Tenn.	Lewis	Smathers
Dawson, Ill.	Lichtenwalter	Snyder
Deane	Lodge	Somers
Delaney	Love	Spence
Devitt	Lucas	Stanley
Dingell	Ludlow	Stigler
Domeneaux	Lusk	Sundstrom
Donohue	Lyle	Teague
Dorn	Lynch	Thomas, Tex.
Doughton	McConnell	Thompson
Douglas	McCormack	Tibbott
Eaton	McDonough	Tollefson
Eberharter	McDowell	Towe
Elsaesser	McGarvey	Twyman
Elston	McGregor	Vail
Engle, Calif.	McMahon	Van Zandt
Fallon	McMillan, S. C.	Vinson
Feighan	McMillen, Ill.	Vorys
Fellows	Madden	Wadsworth
Fenton	Mahon	Walter
Fernandez	Maloney	Welch
Fisher	Marcantonio	Wheeler
Flannagan	Mathews	Whitaker
Fletcher	Meade, Md.	Whitten
Fogarty	Merrow	Whittington
Foot	Meyer	Wigglesworth
Forand	Miller, Conn.	Williams
Fulton	Mills	Wilson, Tex.
Gamble	Mitchell	Winstead
Garmatz	Morris	Wolverton
Gary	Morrison	Wood
Gathings	Morton	Worley
Gavin	Muhlenberg	Youngblood
Goodwin	Multer	

NAYS—106

Allen, Ill.	Andresen,	Banta
Andersen,	August H.	Barrett
H. Carl	Arnold	Bishop

Blackney	Griffiths	Miller, Nebr.
Blatnik	Gross	Mundt
Brehm	Gwynne, Iowa	Murray, Wis.
Brown, Ohio	Hagen	Norblad
Buffett	Halleck	O'Hara
Byrnes, Wis.	Hart	O'Konski
Cannon	Hill	Phillips, Calif.
Case, S. Dak.	Hoeven	Plumley
Chelf	Hoffman	Reed, Ill.
Chiperfield	Holmes	Rees
Clark	Hope	Robertson
Clevenger	Horan	Rockwell
Cole, N. Y.	Hull	St. George
Combs	Jackson, Wash.	Sanborn
Cotton	Jenison	Schwabe, Okla.
Crawford	Jensen	Shafer
Cunningham	Johnson, Calif.	Short
Curtis	Johnson, Ill.	Simpson, Ill.
Dague	Jonkman	Simpson, Pa.
Davis, Wis.	Keefe	Smith, Kans.
D'Ewart	Kersten, Wis.	Smith, Va.
Dolliver	Kilburn	Smith, Wis.
Dondero	Knutson	Stefan
Elliot	Lea	Stevenson
Ellsworth	LeCompte	Stockman
Engel, Mich.	Lemke	Taber
Evins	McCulloch	Talle
Folger	Mack	Trimble
Fuller	MacKinnon	Vursell
Gearhart	Martin, Iowa	Welch
Gillie	Mason	Wilson, Ind.
Goff	Michener	Wolcott
Granger	Miller, Md.	Woodruff

ANSWERED "PRESENT"—1

Reed, N. Y.

NOT VOTING—63

Albert	Gillette	Manasco
Andrews, Ala.	Grant, Ala.	Mansfield
Battle	Grant, Ind.	Meade, Ky.
Bell	Harless, Ariz.	Miller, Calif.
Bennett, Mo.	Harrison	Monrone
Bloom	Hartley	Morgan
Boggs, Del.	Hedrick	Norton
Boykin	Hendricks	Phillips, Tenn.
Brophy	Hobbs	Ploeser
Buckley	Jackson, Calif.	Price, Fla.
Carson	Jarman	Rains
Celler	Jenkins, Ohio	Rich
Chenoweth	Jennings	Rizley
Cole, Mo.	Johnson, Okla.	Schwabe, Mo.
Colmer	Kearney	Scoblick
Cox	Kearns	Smith, Maine
Dawson, Utah	Kefauver	Smith, Ohio
Dirksen	Kilday	Stratton
Durham	Lesinski	Taylor
Ellis	McCowen	Thomas N. J.
Gallagher	Macy	West

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Jennings for, with Mr. Reed of New York against.

Mr. Kearns for, with Mr. Chenoweth against.

Mrs. Smith of Maine for, with Mr. Gillette against.

Mr. Ploeser for, with Mr. Schwabe of Missouri against.

Mr. Grant of Indiana for, with Mr. Bennett of Missouri against.

Mr. Kilday for, with Mr. Brophy against.

Mr. Hedrick for, with Mr. Carson against.

General pairs until further notice:

Mr. McCowen with Mr. Mansfield.

Mr. Thomas of New Jersey with Mr. Durham.

Mr. Cole of Missouri with Mr. Cox.

Mr. Jackson of California with Mrs. Norton.

Mr. Rich with Mr. Boykin.

Mr. Smith of Ohio with Mr. Battle.

Mr. Stratton with Mr. Celler.

Mr. Scoblick with Mr. Price of Florida.

Mr. Jenkins of Ohio with Mr. Harrison.

Mr. Hartley with Mr. Hobbs.

Mr. Ellis with Mr. Kefauver.

Mr. Meade of Kentucky with Mr. Albert.

Mr. Rizley with Mr. Morgan.

Mr. Kearney with Mr. Miller of California.

Mr. Dirksen with Mr. Colmer.

Mr. Gallagher with Mr. Johnson of Oklahoma.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 1481. An act to authorize the Board of Commissioners of the District of Columbia to establish daylight-saving time in the District; and

S. 2409. An act to amend an act entitled "An act to provide revenue for the District of Columbia, and for other purposes," approved July 16, 1947.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2195) entitled "An act to amend and extend the provisions of the District of Columbia Emergency Rent Act, approved December 2, 1941, as amended."

HOOR OF MEETING TOMORROW

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

EXTENSION OF REMARKS

Mr. DEVITT (at the request of Mr. HALLECK) was given permission to extend his remarks in the RECORD and include an article.

FIRST DEFICIENCY APPROPRIATION BILL, 1948

Mr. TABER submitted a conference report and statement on the bill (H. R. 6055) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1948, and for other purposes.

PRIVILEGES OF THE HOUSE

Mr. SABATH. Mr. Speaker, I have been subpoenaed to appear before the District Court of the United States for the District of Columbia to give testimony on April 29, 1948, at 10 a. m., in the case of the United States against Dalton Trumbo, which is a congressional-contempt proceeding. Under the precedents of the House, I am unable to comply with this summons without the consent of the House, the privileges of the House being involved. I, therefore, submit the matter for the consideration of this body.

The SPEAKER. The Clerk will read the subpoena.

The Clerk read as follows:

DISTRICT COURT OF THE UNITED STATES FOR THE DISTRICT OF COLUMBIA, HOLDING A CRIMINAL COURT FOR SAID DISTRICT

THE UNITED STATES V. DALTON TRUMBO, DEFENDENT, NO. 1353-47, CRIMINAL DOCKET

The President of the United States to Congressman ADOLPH SABATH, of Illinois, House Office Building, Washington, D. C.:

You are hereby commanded to attend the said court on Thursday, the 29th day of April 1948, at 10 o'clock a. m., to testify on behalf of the defendant, and not depart the court without leave thereof.

Witness, the honorable chief justice of said court, the 27th day of April, A. D. 1948.

HARRY M. HULL, Clerk.

By ELIZABETH M. KOWALSKI, Deputy Clerk.

Mr. MICHENER. Mr. Speaker, I offer a privileged resolution (H. Res. 560) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Whereas Representative ADOLPH SABATH, a Member of this House, has been served with a subpoena to appear as a witness before the District Court of the United States for the District of Columbia, to testify at 10 a. m., on the 29th day of April 1948, in the case of the United States v. Dalton Trumbo, criminal docket No. 1353-47; and

Whereas by the privileges of the House no Member is authorized to appear and testify, but by order of the House: Therefore be it

Resolved, That Representative ADOLPH SABATH is authorized to appear in response to the subpoena of the District Court of the United States for the District of Columbia at such time as when the House is not sitting in session; and be it further

Resolved, That a copy of this resolution be submitted to the said court as a respectful answer to the subpoena of said court.

Mr. MICHENER. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. McDOWELL. Mr. Speaker, I rise to a question of the privilege of the House and ask that a subpoena with which I have been served be read by the Clerk.

Mr. Speaker, I have been subpoenaed to appear before the District Court of the United States for the District of Columbia, to testify on Thursday, April 29, 1948, at 10 a. m., in the case of the United States against Dalton Trumbo, which is a congressional contempt proceeding. Under the precedents of the House, I am unable to comply with this subpoena without the consent of the House, the privileges of the House being involved. I therefore submit the matter for the consideration of this body.

The Clerk read as follows:

DISTRICT COURT OF THE UNITED STATES FOR THE DISTRICT OF COLUMBIA

THE UNITED STATES V. DALTON TRUMBO, NO. 1353-47, CRIMINAL

The President of the United States to Hon. JOHN McDOWELL, Old House Office Building:

You are hereby commanded to attend the said court on Thursday, April 29, 1948, at 9:45 o'clock a. m., to testify on behalf of the United States, and bring with you copy of subpoena served upon Dalton Trumbo and other related papers and telegrams, and not depart the court without leave of the court or district attorney.

Witness, the Honorable Bolitha J. Laws, chief justice of said court this 28th day of April, A. D. 1948.

HARRY M. HULL, Clerk.

By CHARLES J. RUMSEY, Deputy Clerk.

Mr. MICHENER. Mr. Speaker, I offer a privileged resolution (H. Res. 561) and ask for its immediate consideration.

The Clerk read as follows:

Whereas Representative JOHN McDOWELL, a Member of this House, has been served with a subpoena duces tecum to appear as a wit-

ness before the District Court of the United States for the District of Columbia to testify at 10 a. m. on the 29th day of April 1948, in the case of the United States v. Dalton Trumbo, criminal docket No. 1352-47; and

Whereas by the privileges of the House, no Member is authorized to appear and testify but by order of the House: Therefore be it

Resolved, that Representative JOHN McDOWELL is authorized to appear in response to the subpoena duces tecum of the District Court of the United States for the District of Columbia on Thursday, April 29, 1948, in the case of the United States v. Dalton Trumbo; and be it further

Resolved, That a copy of these resolutions be transmitted to the said court as a respectful answer to the subpoena of the said court.

Mr. MICHENER. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. VAIL. Mr. Speaker, I have been subpoenaed to appear before the District Court of the United States for the District of Columbia to give testimony on April 29, 1948, at 9:45 a. m., in the case of the United States against Dalton Trumbo, which is a congressional contempt proceeding. Under the precedents of the House I am unable to comply with this summons without the consent of the House, the privileges of the House being involved. I therefore submit the matter for the consideration of this body.

The Clerk read as follows:

DISTRICT COURT OF THE UNITED STATES FOR THE DISTRICT OF COLUMBIA

THE UNITED STATES V. DALTON TRUMBO, NO. 1353-47, CRIMINAL

The President of the United States to Hon. RICHARD B. VAIL, room 320, Old House Office Building:

You are hereby commanded to attend the said court on Thursday, April 29, 1948, at 9:45 o'clock a. m., to testify on behalf of the United States, and not depart the court without leave of the court or district attorney.

Witness, the Honorable Bolitha J. Laws, chief justice of said court, this 28th day of April A. D. 1948.

HARRY M. HULL, Clerk.

By CHARLES J. RUMSEY, Deputy Clerk.

Mr. MICHENER. Mr. Speaker, I offer a privileged resolution (H. Res. 562) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Whereas Representative RICHARD B. VAIL, a Member of this House, has been served with a subpoena to appear as a witness before the District Court of the United States for the District of Columbia, to testify at 9:45 a. m., on the 29th day of April 1948, in the case of the United States v. Dalton Trumbo (criminal docket No. 1353-47); and

Whereas by the privileges of the House no Member is authorized to appear and testify, but by order of the House: Therefore be it

Resolved, That Representative RICHARD B. VAIL is authorized to appear in response to the subpoena of the District Court of the United States for the District of Columbia at such time as when the House is not sitting in session; and be it further

Resolved, That a copy of this resolution be submitted to the said court as a respectful answer to the subpoena of said court.

Mr. MICHENER. Mr. Speaker, I move the adoption of the resolution. The resolution was agreed to. A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. REED of New York (at the request of Mr. MICHENER) was granted permission to extend his remarks in the RECORD and include certain excerpts.

Mr. MERROW asked and was granted permission to extend his remarks in the RECORD and include an editorial.

Mr. JENSEN asked and was given permission to extend his remarks in the RECORD and include a letter from Mrs. Nelson Clausen.

Mr. JENSEN asked and was granted permission to extend his remarks in the RECORD and include a eulogy to William S. Knudsen.

SPECIAL ORDERS GRANTED

Mr. RAMEY. Mr. Speaker, I ask unanimous consent that, after the business of the day and any other special orders, I may address the House for 3 minutes today.

The SPEAKER. Is there objection to the request of the gentleman from Ohio? There was no objection.

Mr. MERROW. Mr. Speaker, I ask unanimous consent that on Thursday, April 29, after the disposition of business on the Speaker's desk and other special orders heretofore granted, I may address the House for 30 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New Hampshire? There was no objection.

REPORT ON H. R. 5852

Mr. MUNDT. Mr. Speaker, I ask unanimous consent that the Committee on Un-American Activities may have until midnight Friday in which to file a report on the bill H. R. 5852.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota? There was no objection.

SUPPLEMENTAL REPORT ON H. R. 3748

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that the gentleman from Massachusetts [Mrs. ROGERS] may file a supplemental report on H. R. 3748.

The SPEAKER. Is there objection to the request of the gentleman from Indiana? There was no objection.

UNITED STATES FOREIGN TRADE AUTHORITY

Mr. GEARHART. Mr. Speaker, I ask unanimous consent to proceed for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from California? There was no objection.

Mr. GEARHART. Mr. Speaker, earlier in the day two distinguished Members of the other body, the junior Senator from Nevada [Mr. MALONE] and the senior Senator from Nebraska [Mr. BUTLER] introduced jointly in that body a bill which, if adopted by the Congress, would create

a United States Foreign Trade Authority.

Since the measure would, if adopted, affect the revenues of the Nation and must, therefore, be first approved in this body, I have been asked by those two distinguished colleagues of ours to introduce the bill, at their request, in the House of Representatives.

As I am not familiar with the full implications of the legislation, I want to make it crystal clear to the membership of this body, and to the country, that I am not, in introducing the legislation by request extending to the principles contained in the measure my unqualified approval, at least not until I know much more about it than I do now. But I am convinced after hastily reading the text of the measure that the proposal merits and should have the careful consideration of the Congress and the country. I await their reactions with interest.

The SPEAKER. The time of the gentleman from California [Mr. GEARHART] has expired.

EXTENSION OF REMARKS

Mr. McDONOUGH asked and was granted permission to extend his remarks in the Appendix and include two additional articles.

Mr. DONDERO asked and was granted permission to extend his remarks in the Appendix of the RECORD on foreign relief costs and the high prices at home and attach thereto an article.

Mr. DONDERO asked and was granted permission to extend his remarks in the Appendix on the subject of oleomargarine, the farmer's point of view, and include therein a letter.

Mr. DONDERO asked and was granted permission to extend his remarks in the Appendix and include an editorial on Even the Pilgrims Learned.

Mr. LYNCH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an address by Eamon de Valera made in New York. I am advised by the Acting Public Printer that it exceeds the statutory length and will cost \$248.50. Notwithstanding the additional cost I ask that the matter may be printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New York? There was no objection.

Mr. POAGE asked and was granted permission to revise and extend the remarks he made in Committee of the Whole and to include therein a proposed amendment.

Mr. JOHNSON of Texas asked and was granted permission to extend his remarks and include a letter written to the chairman of the Texas Railroad Commission and his reply thereto.

Mr. JOHNSON of Texas asked and was given permission to extend his remarks in the Appendix and include certain sections from the Draft Act of 1916 and the Draft Act of 1940.

SPECIAL ORDER GRANTED

Mr. KENNEDY. Mr. Speaker, I ask unanimous consent that at the conclusion of today's business I may address the House for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. KENNEDY]? There was no objection.

EXTENSION OF REMARKS

Mr. SADOWSKI asked and was given permission to extend his remarks in the Appendix of the RECORD in four separate instances and in each to include extraneous matter.

Mr. ELLIOTT. Mr. Speaker, I ask unanimous consent to include in the remarks I made earlier today in the Committee of the Whole a letter from the Challenge Butter Co. to a publication known as the Life magazine.

The SPEAKER. Is there objection to the request of the gentleman from California? There was no objection.

Mr. BUCHANAN asked and was given permission to extend his remarks in the Appendix of the RECORD and to include certain excerpts from the remarks of the Secretary of State before the Chamber of Commerce in annual session yesterday, and also an editorial on the same.

Mr. MULTER asked and was given permission to extend his remarks in the Appendix of the RECORD and include an editorial.

Mr. JACKSON of Washington (at the request of Mr. McCORMACK) was given permission to extend his remarks in the Appendix of the RECORD and include a speech recently made by him.

Mr. HARLESS of Arizona (at the request of Mr. McCORMACK) was given permission to extend his own remarks in the Appendix of the RECORD.

ANNOUNCEMENT

Mr. REED of New York. Mr. Speaker, on the vote on passage of the oleo bill I had a pair with the gentleman from Tennessee [Mr. JENNINGS]. I voted "no." If the gentleman from Tennessee were here he would have voted "aye." I therefore withdraw my vote and vote "present."

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. BROPHY (at the request of Mr. HALLECK), indefinitely, on account of illness.

SPECIAL ORDER

The SPEAKER pro tempore (Mr. McDOWELL). Under the previous order of the House, the gentlewoman from California [Mrs. DOUGLAS] is recognized for 60 minutes.

Mrs. DOUGLAS. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include at the end of my remarks—

First. President's 10-point program, together with some of my own remarks.

Second. Memorandum to the President by the Council of Economic Advisors, covering first quarter of 1948, together with some of my remarks.

Third. Excerpts from statement of Chairman Eccles of the Federal Reserve Board before Joint Committee on the Economic Report, November 25, 1947.

Fourth. Excerpts from Mr. Eccles' statement of April 13, 1948, before Joint Committee on the Economic Report.

Fifth. Excerpts from two monthly Letters on Economic Conditions and Government Finance issued by the National City Bank of New York of November 1947 and April 1948.

Sixth. Article by Richard L. Neuberger entitled "The Battle of the Family Budget" in the New York Times of January 11, 1948.

Seventh. And an article from Current Business Week.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

COST OF LIVING, 1948

Mrs. DOUGLAS. Mr. Speaker, last Monday, I was by unanimous consent granted official leave to go shopping for America's housewife because it is quite as important for the Members of this body to know what is going on in the grocery stores of America as in our munitions plants.

I now wish to report my findings, and have brought with me in this market basket, the results of my study.

Mr. Speaker, whether or not this Congress is making sound economic policies depends on whether the housewife is able to obtain what she needs in this basket without going into debt and mortgaging the economic future of her family.

Can the housewife today balance her own budget?

This is the major issue. It is not a partisan one.

Are all Republicans so rich that they can afford a 25-percent increase in the cost of living?

I do not believe it.

Are all Republican tenants so rich they can afford to have their rent doubled?

I do not believe it.

Do all Republicans approve of pursuing reckless economic policies which invite economic collapse?

I do not believe it.

Economic collapse would cost us the confidence of people all over the world in our system of free enterprise. Do all Republicans dare that risk in this hour?

I do not believe it.

The Russians have predicted economic collapse for the United States, and are banking on such a development. But if there were no people in Russia tomorrow, communism would still be a challenge to democracy and would still seek its gains among the ruins of economic collapse.

Are all Republicans unaware of this?

I do not believe it.

Surely, all clear-thinking people are aware that economic collapse would mean that we could no longer give leadership to other nations in their struggle for freedom.

A sound and stable American economy is essential if we ourselves are not to promote the spread of communism and if we are to maintain and preserve free democratic processes in the world.

A year ago I made a similar report to this House on the status of the American housewife's grocery basket.

XCIV—316

I come again today with the same basket but with different price marks. The reason why the price of this basket of groceries is greater than it was a year ago is the business of this House.

It would be easy to speak at great length about the Republican opposition in the House to price control—about the reasons why the cost of living has risen; why the budgets of most housewives in the United States are out of balance. But the world situation today is so acute and the problem of inflation is so much a part of the chance for world peace that partisan politics has no more place in our discussion of this critical issue than it would in answering a four-alarm fire.

In view of the facts that I have in this basket and of our common knowledge of what the world will lose if this Congress adjourns without having reenacted the control measures necessary to halt inflation here and around the world, I plead, Mr. Speaker, for the statesmanship that is needed.

I plead that the majority forget that we have a Republican Congress and a Democratic President who has asked for the reenactment of measures necessary to secure a stable economy.

I plead that we face the economic facts in this basket with an open mind.

PRICES IN THE "BETTER TOMORROW"

Mr. Speaker, a little over a year ago I reported to the House on what had happened to the cost of living in the first year of decontrol when we were asked to let prices seek their natural level in the open market. Remember the decontrol that the NAM promised would bring goods for everybody at prices they could afford to pay and a better tomorrow?

I reported on the NAM's "better tomorrow" last year and found it far short of the promises made. We were told then that the NAM "tomorrow" had not had enough time to dawn. Well, now we have given them another year, and where are prices?

They have changed again, Mr. Speaker, and again for the worse. The ene-

mies of price control and rent control in June 1946, and ever since—even in the face of the steadily mounting cost of living—must in the name of common sense reconsider their opposition.

As the elections draw closer, prudence should dictate the protection of all the people, regardless of the pressures from the special interests.

The sudden action on Capitol Hill—on the north slope—in the field of housing may be a good omen. I pray that it is—for the people's sake—for they must have relief.

The market basket of groceries that I brought onto the floor of the House last year contained essential items in the everyday life of our people. Today I bring the same evidences of economic facts with which every housewife in America is daily confronted—bread, milk, flour, eggs, fats, meat, soap.

These items were again purchased in the shadow of the Capitol—at the lowest-priced chain store in Washington.

I reported last year that in the 9 months between June 1946, when price control was done to death, and March 1947, the prices of these basic items had increased 50 percent. After 9 months of NAM-sponsored decontrol the housewife had to pay \$15 for the same amount of food she could get for \$10 under OPA.

Let us see what another year of the NAM's "better tomorrow" has brought. The same items I used as exhibit A last year in the same lowest-priced grocery store I find now—April 26, 1948—cost \$16.23 instead of the \$15.02 of a year ago, and the \$10.08 of predecontrol 1946. And this despite the headlined temporary price dip in some foods in February of this year.

Mr. Speaker, for the convenience of the Members I ask unanimous consent to include at this point in the RECORD the comparative price table for 19 specific grocery commodities.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Food prices since OPA

Commodity	OPA ¹	Last year ²	Today ³		
			Lowest-priced store	Medium-priced store	De luxe store
10 pounds of flour (Pillsbury).....	\$0.78	\$0.87	\$0.89	\$0.89	\$0.95
1 pound of butter (Land O'Lakes).....	.65	.82	.93	.99	.93
2 quarts Lucerne milk.....	.29	.34	.38	.40	.40
1 dozen eggs (cream crop).....	.53	.69	.65	.69	.73
2 pounds of Sunwest dried prunes.....	.32	.54	.38	.50	.54
2 pounds of round steak.....	1.35	2.07	2.76	2.94	2.67
2 pounds of pork chops.....	.76	1.46	1.66	1.58	1.80
1 pound of Swift Premium bacon.....	.42	.79	.75	.77	.85
3 pounds of Crisco.....	.68	1.27	1.23	1.35	1.25
1 quart Wesson oil.....	.58	.90	.90	.98	1.05
2 pounds Maxwell House coffee.....	.66	.98	1.06	1.20	1.14
1 pound of sausage (pork links).....	.45	.49	.59	.69	.89
2 pounds of stew beef (boneless).....	.70	1.18	1.46	1.58	1.38
3 cans of string beans (Brier cut).....	.39	.60	.57	.57	.73
3 cans of peas (Sugarbelle).....	.45	.55	.50	.58	.84
2 loaves of Wrights bread.....	.22	.20	.24	.28	.28
1 pound of Sunnybank margarine.....	.18	.43	.40	.47	.45
2 pounds of soda crackers.....	.42	.50	.52	.54	.58
1½ pounds of Oxydol soap chips.....	.42	.34	.36	.37	.39
Total.....	10.08	15.02	16.23	17.17	17.80

¹ OPA or BLS prices, June 1946, of selected commodities in lowest-priced stores in Washington.

² Prices, Mar. 12, 1947, of same brands in same store, 9 months after end of OPA.

³ Prices, Apr. 26, 1948, for same or similar commodities, 22 months after end of OPA.

⁴ BLS prices.

Mrs. DOUGLAS. These are the items in the housewife's basket that I priced a year ago and priced again yesterday. I want to just show you here what the difference is.

Here was a pound of butter. Under OPA it cost you 65 cents. Last year it cost you 82 cents, and it cost 93 cents today in the lowest-priced store in Washington.

Two quarts of Lucerne milk cost 29 cents under OPA, 34 cents last year, and 38 cents today.

A dozen eggs cost 53 cents under OPA, 69 cents last year, and 65 cents today. That is a seasonal drop, Mr. Speaker.

Three pounds of round steak cost \$1.35 under OPA, \$2.07 last year, and \$2.76 today.

Two pounds of Maxwell House coffee cost 60 cents under OPA, 98 cents last year, and \$1.06 today in the cheapest-priced store in Washington.

Two loaves of Wrights bread cost 22 cents under OPA, 20 cents last year and 24 cents this year.

Margarine. We have been talking a lot about it today. Everybody thinks they have done so much for the housewife in passing this bill. I will tell you, Mr. Speaker, that we have done practically nothing for the housewife. If the Members think they have changed the facts represented in this basket, they are greatly mistaken. If the effort put forth to pass the margarine bill was expended as a sop to the housewife, the Members have another guess coming.

Well, let us take margarine, the cheapest margarine. There are different grades of margarine you know. The cheapest grade of margarine cost 18 cents under OPA, and 40 cents today in the cheapest priced store.

But suppose a housewife does not live near one of the cheapest priced stores? With the shortage of housing a family lives wherever they can find a roof. If you live near a high-priced store, if you are buying flour, then maybe you do not pay 89 cents for 10 pounds of flour, you pay 95 cents. Maybe you do not pay \$2.76 for 3 pounds of round steak, but you pay \$2.94; and so it goes.

Mr. Speaker, I hope I can have this chart set up outside for the convenience of the Members, so that they can study these figures next week.

The increase in these basic household food items which every housewife must have, is now not 50 percent as it was a year ago, but 61 percent over the prices charged when price control was killed—an increase of 11 percent in the last year.

In no case, despite all the promises of the opponents of price control, is the price of any of these basic articles lower than the June 1946 prices. In all cases, prices have gone up tremendously—in some cases, over 200 percent since 1946.

This list does not contain luxuries, but the essential items in every family's grocery budget—bread, milk, flour, eggs, fats, soap, and meat—and I mean so-called cheap cuts of meat.

I am talking about ground round steak—hamburger; sausage—greasy; and pork chops—mostly fat. I am not talking about lamb chops, steak, roast beef, and leg of lamb.

These typical American dishes are today prohibitive for most American families.

Remember that the Bureau of the Census showed that in 1946 two out of every three nonfarm families had total family incomes of less than \$3,500 a year, and two out of every five less than \$2,500 a year.

Round steak at 92 cents a pound, lamb chops at 98 cents a pound, roast beef at 85 cents a pound, leg of lamb at almost \$5 a leg are not on the grocery list of these American families.

Under OPA our economy permitted the average family to buy chicken on Sunday and roast beef on Thursday. The low income family had as much opportunity to buy the better cuts of meat as the high income family. As a matter of fact, more opportunity, because they generally have more children and therefore had more points.

During the war, whether or not the housewife could buy beef depended upon how she apportioned her points. Now it depends upon whether or not she has enough money—and she has not.

THE FEBRUARY DROP WAS A DROP IN THE BUCKET

In mid-February, after the so-called drop, food prices were still 12 percent above February of a year ago. I think that my analysis of comparative food prices which was made on April 26 shows clearly that the much acclaimed drop has evaporated from the poor parched consumer's bucket.

For instance, let us take the much heralded drop in butter. It went from 99 cents to 87 cents—still 20 cents higher than under price control in April 1946, and still 5 cents higher than when I spoke to you last year.

But even this respite was short lived. The price of butter climbed right back up. It is today 93 cents a pound.

This means that for the majority of the families of America butter is prohibitive.

Round steak, in the temporary sag, dropped from 85 cents to 69 cents, but today has already shot past its high mark to 92 cents a pound, and the price is still going up.

Not only did the drop not amount to anything for the grocery basket but the Council of Economic Advisers to the President tells us that all other items in the housewife's budget rose.

Mr. Speaker, I ask unanimous consent to include at this point a comparison of changes in consumers' price index from January 15, 1947, to January 15, 1948, and from March 15, 1947, to March 15, 1948.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mrs. DOUGLAS. This tabulation is as follows:

	[1935-39=100]			
	Jan. 15, 1947	Jan. 15, 1948	Mar. 15, 1947	Mar. 15, 1948
Food.....	183.8	209.7	189.5	202.3
Clothing.....	179.0	192.1	184.3	196.3
Rent.....	108.8	115.9	109.0	116.3
Fuel, etc.....	117.3	129.5	117.6	130.3
All items...	153.3	168.8	156.3	166.9

The much-advertised dip, therefore, amounted to only 1 percent of the total Consumers' Price Index and I have already shown that this 1 percent has since largely disappeared.

I have been told by one grocer in a medium-priced store that temporary drops in some items mean nothing. He said, "Don't be fooled, lady, by these little price drops here and there. In the over-all picture of the grocery business, prices have gone right along and are continuing to go up. I know, because people are buying less. We haven't seen the end of it yet, either. Every invoice has higher prices than the last one."

Yesterday in the grocery store when I went shopping a woman came in and said, "What are you doing, advertising this store?" I said, "No; I am from the Hill. I am trying to persuade the Members of Congress to do something about prices." She said, "Oh, that's hopeless. They won't do anything about prices. Just tell them for me that we are having to eat less."

Mr. Speaker, the February thaw in prices was only a warm spell in the middle of a freezing winter. It was a big help to those who have been telling us for nearly 2 years that prices will soon come down.

But for the housewife it was not worth two thin pennies out of a dollar bill. It was big news in the headlines, but you cannot eat headlines.

Mr. Speaker, last year I did not report on two large areas of food expenditures for most families—baby foods, and fruits and vegetables.

PRICES FOR BABY FOODS

Three and one-half million babies were born in 1946 and four million in 1947—that is one million more babies born than in any year before 1946. We all know that, despite the difficulties of housing, veterans are still getting married and having children.

The Nation's requirement for baby food today is therefore over 30 percent greater than it was when price control was killed. And last week all baby foods—canned milk, canned foods, Pablum—the things for which one cannot make substitutions—had gone up, in some cases, almost 50 percent in the last 22 months.

In the cheapest priced store in Washington canned milk that used to be 9 cents is now 15 cents; canned baby vegetables that used to be three for 20 cents are now three for 29 cents—when they are on special sale; Pablum that used to be 15 cents is now at least 21 cents, sometimes higher. Ivory soap, a very necessary part of a baby's equipment, that used to sell for 9 or 10 cents a cake, now sells for 18 cents.

Mr. Speaker, behind these price increases in baby foods is the serious threat of malnutrition for a whole generation of our children. In terms of our national welfare we cannot afford these high prices.

FRUITS AND VEGETABLES

Fruits and vegetables take a large part of the family food budget. A few examples will show how desperate the situation is growing for the manager of the family budget.

Ordinary potatoes, the poor man's staple, now sell for 6 cents a pound. Under OPA they were approximately 4 cents a pound.

Under OPA, onions were about 5 cents per pound. A year ago they were even as low as 3 pounds for 10 cents. Last week they were 23 cents a pound.

Bananas were 11 cents a pound under OPA. Now bananas are anywhere from 15 to 20 cents a pound. Yes, we have no bananas for the average child.

Even in California where so much of the fruits and vegetables are grown, many families have given up eating the fresh varieties, because 35 cents for a bunch of celery and 10 cents for a single lemon are just too much.

The fact that decent cuts of meat have been priced out of the housewife's basket does not begin to tell the whole story, Mr. Speaker. Fruits and vegetables are being

priced out, too. This last year wholesale prices of fruits and vegetables (both canned and fresh) have gone up even faster than meats. Wholesale prices of fruits and vegetables have gone up almost twice as fast as meat prices in the past year. Since Congress killed price control, fruits and vegetables in the corner grocery have gone up 16 percent.

THE WHOLE COST OF LIVING

Mr. Speaker, as I pointed out before, food prices are not the only source of increases in the cost of living. I ask unanimous consent to include at this point in the Record a very illuminating table that appeared in the March 6, 1948, issue of Business Week under an article entitled "What's Happening to the Cost of Living?"

The SPEAKER. Without objection, it is so ordered.

There was no objection.

What's happening to the cost of living

[1935-39=100]

	Food	Clothing	Rent	Gas and electricity	Other fuels and ice	House furnishings	Miscellaneous	Total cost of living
August 1939.....	93.5	100.3	104.3	99.0	96.3	100.6	100.4	98.6
January 1941.....	97.8	100.7	105.0	97.4	104.2	101.1	101.9	100.8
January 1942.....	116.2	116.1	108.4	95.7	111.8	118.2	108.5	112.0
January 1943.....	133.0	126.0	108.0	96.8	117.5	123.8	113.2	120.7
January 1944.....	136.1	134.7	108.1	95.0	122.7	128.3	118.4	124.2
January 1945.....	137.3	143.0	108.3	95.5	123.6	146.6	123.3	127.1
January 1946.....	141.0	149.7	108.3	93.8	127.2	148.8	125.4	129.9
January 1947.....	183.8	179.0	108.8	91.9	132.1	179.1	137.1	153.3
February.....	182.3	181.5	108.9	92.2	142.3	180.8	137.4	153.2
March.....	189.5	184.3	109.0	92.2	142.5	182.3	138.2	155.3
April.....	188.0	184.9	109.0	92.5	143.8	182.5	139.2	155.2
May.....	187.6	185.0	109.2	92.4	142.4	181.9	139.0	156.0
June.....	190.5	185.7	109.2	91.7	143.0	182.6	139.1	157.1
July.....	193.1	184.7	110.0	91.7	146.6	184.3	139.5	158.4
August.....	196.5	185.9	111.2	92.0	154.8	184.2	139.8	160.3
September.....	203.5	187.6	113.6	92.1	155.3	187.5	140.8	163.8
October.....	201.6	189.0	114.9	92.2	157.4	187.8	141.8	163.8
November.....	202.7	190.2	115.2	92.5	160.5	188.9	143.0	164.9
December.....	206.9	191.2	115.4	92.6	162.0	191.4	144.4	167.0
January 1948.....	209.7	192.1	115.9	93.1	165.6	192.3	146.4	168.8

Mr. McCORMACK. Mr. Speaker, will the gentlewoman yield?

Mrs. DOUGLAS. I am glad to yield to the gentleman.

Mr. McCORMACK. What about the rise in the price of clothing which is disgraceful? What about coal and fuel oil and kerosene that is the only thing that the poor people can get and pay for to heat their homes during the winter months? Those are some additional things that have gone up in price as a result of the unjustifiable removal of price controls while the emergency is still on which, during the last 2 years has cost the American consuming public \$50,000,000,000.

Mrs. DOUGLAS. The gentleman from Massachusetts is, as usual, correct in his statement.

Clothing, in January 1946, according to the consumer price index in the table which I have just included in the Record, stood at 149.7. In January 1948 it stood at 192.1.

Would the distinguished gentleman from Massachusetts like to have the price index on fuels? On January 1946 they stood at 127.2. In January 1948 they stood at 165.6. And so it goes. The table is in the Record for the Members to study.

These figures of Business Week show in carefully prepared statistics what every housewife knows—that the cost of

living had reached a record high in January 1948.

When you get through with all the talk in the headlines about price dips, you find that the total cost for food, clothing, rent, fuel, and all the other necessities was still over 25 percent higher than in 1946 when Congress killed price controls. You have to have \$5 in your pocketbook to buy what \$4 bought in June of the year before last.

Now, Mr. Speaker, I have here today some advertisements showing what food was in 1939, what it was under OPA and what it is now in 1948.

Let us take one item from these charts. I am going to have them put up outside if I may, so that the Members may study them.

Let us take a leg of lamb, which is not included in my budget because the price is prohibitive. A good grade of lamb was 21 cents a pound in 1939. In 1946, under OPA—7 years later—of which 5 years were war years, lamb was selling for 39 cents a pound—a rise of only 18 cents. But thanks to OPA it was held there all through those years. But remember the 18-cent rise occurred mostly before OPA was enacted. That was the reason for OPA—Congress saw prices getting out of line. We ought to have sense enough now when we see prices going through the ceiling to do something about it.

The same thing that is true of a leg of lamb is true of most everything else—rib lamb chops, bacon, roast beef—anything you want to mention.

Now, Mr. Speaker, I go from the staff of life to the backbone of our economy—from bread to steel.

STEEL PRICES AND PROFITS

Last week, Mr. Speaker, we witnessed another amazing attempt to give the people headlines instead of help. The United States Steel Corp. announced a price reduction. It was the headline of the day. In my opinion, it was the headline to end all headlines.

United States Steel said it will reduce its prices in May by \$25,000,000 annually. That sounds like big money. But the United Steelworkers round out the story when they tell us that, since November 1946—just 17 months ago—United States Steel has raised its prices by a total of \$340,000,000 annually.

You see, Mr. Speaker, that still leaves the Nation paying to the giant steel corporation \$315,000,000 more for a year's output than it paid before Congress killed price control.

As a matter of fact, the price reduction announced by United States Steel amounts to about 1¼ percent on its annual sales of over \$2,000,000,000. The reduction which it now promises to give us is \$3,000,000 smaller than the price gouge of \$28,000,000 it imposed on us just a few weeks ago.

It could not be, could it, Mr. Speaker, that the steel corporation was engaged in collective bargaining when it hatched these headlines about a price reduction?

It could not be, could it, Mr. Speaker, that when the steel corporation has achieved its purpose in collective bargaining it will reverse the price reductions which it promises to make next month? What I mean, Mr. Speaker, is, Will it love us in September as it loves us in May?

If we in this country have not the courage and the common sense to fight inflation with what it takes, at least let us not go "headline happy." The corporation's workers cannot trade these headlines for cash. Their wives cannot use these headlines to pay grocery bills or buy clothes for the kids, or pay the landlord. The NAM and their fellow travelers are getting us nowhere fast, except to the poorhouse, with money piling up in fewer and fewer hands.

Mr. Speaker, remember the NAM promised us, "If we could just get rid of price control, we would get the goods we want at prices we could afford to pay."

Mr. Speaker, maybe the Members of Congress can afford to pay over 25 percent more to live in the over-all picture and 41 percent more for food than they did 2 years ago. We got a wage adjustment after a brief negotiation between ourselves and our consciences.

THE ROAD TO RELIEF

But what about the head of a family who does not have enough dollars to meet the gap? What then? I shall tell you what happens and what is happening to him:

First. His buying power shrinks.

Second. He draws on his savings, cashing his war bonds.

Third. He goes into debt, putting a mortgage on his family's future income, because his present income is not enough to meet his family's day-to-day needs.

Fourth. The last ugly turn in the road brings him to relief.

Are we reaching that turn in the road, Mr. Speaker? Let us spell it out and see.

BUYING POWER

Personal incomes in this country, after taxes, in late 1947 were running around \$184,000,000,000 a year. This huge sum was \$30,000,000,000 greater than the spendable income people had in the second quarter of 1946, before price control was killed off.

But it was not greater in purchasing power. It was smaller. The 25-percent rise in the cost of living since June 1946 changed that \$30,000,000,000 increase in personal incomes into a \$7,000,000,000 drop in buying power.

THE DEVALUATION OF THE DOLLAR

And here I hope to have the undivided attention of the Members of the majority party, which has always boasted of being an advocate of sound money ever since McKinley defeated William Jennings Bryan.

A dollar today is not the same dollar it was yesterday. Who knows what it will be tomorrow?

The value of the dollar—in terms of 1935–39, equals 100—decreased 14 percent measured by wholesale prices, 8 percent measured by consumers' prices, 10 percent as measured by retail food prices, and at least 13 percent when measured by prices received by the farmer.

Mr. Speaker, I ask unanimous consent to include at this point a table showing what has happened to the purchasing power of the dollar since the death of OPA.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

(The table referred to follows:)

Purchasing power of the dollar

[1935–39=100]

	December 1946	December 1947	Percentage decrease
Wholesale prices.....	57.1	49.3	14
Consumers' prices.....	65.2	59.9	8
Retail food prices.....	53.7	48.3	10
Prices received by farmers....	40.3	35.3	13

Source: Survey of Current Business, annual review number, February, 1948, p. 8–5. U. S. Department of Commerce, Bureau of Domestic Commerce.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mrs. DOUGLAS. I yield.

Mr. McCORMACK. And on the question of publicity, we pick up newspapers and if somebody commits a murder we see headlines, but there will be very few headlines featuring the great speech the gentleman from California is now making unless I am sadly mistaken.

It is amazing to me that the press of this country—and I say this imperson-

ally but nonetheless firmly—are not through their pages and the radio leading a crusade in the interest of the consumer, demanding that Congress do something before this session is over.

Mrs. DOUGLAS. I thank the gentleman from Massachusetts for his contribution. He is a champion of the people.

THE PEOPLE'S SAVINGS

As the people's buying power dropped, their savings shrank. While their spendable incomes in dollars were rising, and the buying power of their incomes was falling, the amount which people could save dropped sharply. Personal savings in 1947 were 33 percent smaller than in 1946.

Mr. Speaker, I ask unanimous consent to include at this point a table showing what happened to people's savings.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Consumer expenditures and savings—disposable personal income (after taxes)

[Billions of dollars]

	1946	Per cent	1947	Per cent
Disposable personal income.....	158.4	100.0	175.3	100.0
Personal consumer expenditures.....	143.7	90.7	164.4	93.8
Personal savings.....	14.7	9.3	10.9	6.2

Consumer expenditures increased from 90.7 percent to 93.8 percent.

Personal savings decreased from 9.3 percent to 6.2 percent.

Sources: 1946 figures from National Income, supplement to Survey of Current Business, July 1947, p. 19. 1947 figures from Survey of Current Business, annual review number, February 1948, p. 10. U. S. Department of Commerce, Bureau of Foreign and Domestic Commerce.

Mrs. DOUGLAS. This little table with only three lines, Mr. President, is a signpost that points the way to doom, depression, and collapse.

Many people have not been able to save at all. They are going into debt. Consumers of the United States have now put themselves into hock to banks, stores, and loan companies for a total of \$13,000,000,000. This breaks the previous high-water mark of 1946 by \$3,000,000,000. It is almost double the crushing burden of debt which in 1929 pulled the plug on the purchasing power of the people and toppled us into depression.

At the rate we are going, in 2 more years we will all be in hock. The continuous large increase in consumer debt which has been made necessary by uncontrolled inflation in itself is a weakness which sooner or later will be one of the basic factors in bringing on a depression.

I ask again, Mr. Speaker, are we about to take that last ugly turn in the road? Have we, in fact, already turned it?

In the midst of the glowing accounts of prosperity which we hear it may seem in bad taste, indelicate, of me to speak of relief. I am sorry if that is so, but I cannot refrain from telling you that from December 1946 to December 1947 the amount spent for public assistance increased 16 percent. In the last month of 1946 the cost of public assistance was

\$114,000,000. In December 1947 its cost was \$132,000,000. This is at the rate of over a billion and a half a year.

"Over the hill to the poorhouse" with the NAM and the GOP.

Is this the slogan the Republicans want to be labeled with for the next 20 years? I do not think so.

This is the picture of what has happened to the American people, their incomes, and their savings since Congress killed price control. Inflation has cut the buying power of their income and forced them further and further into debt.

WAGES AND PROFITS

This, if you please, Mr. Speaker, has happened in spite of the fact that labor was forced by circumstances to fight for and win two rounds of wage increases. In spite of their wage increases, the American workers' families have less real money to spend than they had before.

Oh, I know, Mr. Speaker, the NAM tells us that labor brought this upon itself. It tells us that wages caused these higher prices. I have heard—we have all heard—over and over again the story of the spiral which makes labor the guilty party.

Let me call your attention to the fact that on top of the increased wages which the corporations have paid to their workers they have added a very great increase in profits for themselves.

In the latter part of 1946, following the first round wage increase, profits of all corporations were running over seven billions, after taxes, larger than in 1945. In other words, after paying more in wages, corporations added to their prices enough to come out with an annual rate of sixteen billion profits, after taxes, for themselves compared with nine billions in 1945.

This was repeated with the second round of wage increases of 1947. Again the corporations soaked the consumers and came out with another \$2,000,000,000 addition to their profits, after taxes, for a total of \$18,000,000,000 at the end of 1947.

Nineteen hundred and forty-five profits were \$9,000,000,000. Nineteen hundred and forty-six profits were \$16,000,000,000, and in 1947 profits were \$18,000,000,000, after taxes.

Mr. FOLGER. Mr. Speaker, will the gentleman yield?

Mrs. DOUGLAS. I yield to the gentleman from North Carolina.

Mr. FOLGER. That seems to be an ironic answer that has been given the President in his plea for a voluntary, sensible adjustment of prices downward, does it not?

Mrs. DOUGLAS. It certainly does.

Mr. KENNEDY. Mr. Speaker, will the gentleman yield?

Mrs. DOUGLAS. I yield to the gentleman from Massachusetts.

Mr. KENNEDY. Could the gentleman tell us something about the efforts that were made to hold the line on prices in the Republican-sponsored bill which was passed last December and which it was promised would do something?

Mrs. DOUGLAS. I refer to that a little later. It has not accomplished any-

thing, as the gentleman can see from prices of the food in the housewife's basket.

Between the wages which corporations pay their workers and the prices which they make us consumers pay are the profits which they keep for themselves. On each of these two occasions they made the wage increase very profitable to themselves. In fact, they made a substantial profit on every dollar workers won from them in higher wages.

In fact, corporations are now earning 90 percent more after taxes than in the banner year of 1945—the last year of the war. Meanwhile, inflation has reduced the standard of living of wage earners by roughly 20 percent. The weekly wage of the average factory worker today is \$52.51. To regain 1945 living standards, this weekly wage would have to be \$62.41. Some businessmen—angered by the restrictions of OPA—called it un-American. They prefer to ration the poor through higher prices. Families are having to make drastic cuts in their standard of living to make ends meet.

RENTS

During the past year the ordinary consumer has also had the burden of meeting the Republican rent increases. After the passage of the infamous Republican Rent Decontrol Act of 1947, rents increased in the first 4 months five times more than they did all through the five difficult war years of price control from 1942 to 1947.

And what did the Eightieth Congress do this year in the face of this appalling fact, Mr. Speaker? It smugly passed another decontrol bill—the Republican Housing and Rent Act of 1948, which threatens the consumer with further inroads on his rent dollar.

Thus the Eightieth Congress made another of its many contributions to inflation and to the free enterprise of the real-estate lobby.

There has been a lot of talk, Mr. Speaker, among some sections of the business world about consumer resistance, what to do about it, how to break it down and thus begin a more rapid flow of goods.

Let us take this phrase of consumer resistance out of the gobbledygook of the false friends of private enterprise.

Consumer resistance means nothing more than no money to buy anything but the bare essentials. Consumer resistance is not voluntary. It is involuntary. He has no choice.

It is not, Mr. Speaker, a matter of consumer resistance, but of his dollar's nonexistence.

That is not hard to understand, is it? Perhaps, it will be clearer in November.

Mr. Speaker, if we are to save democracy and free enterprise here at home, and win the peace, we have to begin to look at the total picture and the needs of all the people.

To this end I have sought to give you figures on the effects of the current inflation on the wages of the factory worker, on prices of food and other necessities of life, consumer savings, and the purchasing power of the dollar. Thus have I sketched the general background. It is not possible to take up in detail the

effects of these conditions on each profession and occupation but I suggest that we look at two examples that are very close to home.

FEDERAL EMPLOYEES

Federal employees, for whose salaries we are directly responsible, have been particularly squeezed in the wringer of inflation. In addition to being abused from early morning to late at night, spied on, smeared, terrified, and belittled, they have not enough to live on. Despite slight increases in their basic wage scale in 1945 and 1946, given them in the last Congress, their salaries buy less now than they did in 1946. Even after the last general salary increase in July 1946, 60 percent of all Federal workers still received less than \$2,600 a year, and many of them less than \$2,000—which is \$1,200 less than the minimum budget of a family of four. This budget is based on the BLS study, which is lower than the Heller budget of the University of California.

SOCIAL SECURITY

The welfare of those receiving social-security benefits is also directly up to us.

Inflation strikes most brutally those families who are already at the marginal subsistence levels. We have come to regard the social-security benefits payable to workers and their dependents covered by old-age and survivors insurance as a bulwark against economic disaster. Yet the maximum primary insurance benefit today for a retired worker over 65 is \$46 a month.

The average benefit for a retired male worker alone is around \$25 a month. A widow of an employee covered by social security with several children can today receive no more than \$85 a month. The average for a widow and two children is less than \$50 a month. These benefit scales were fixed in 1939. Living costs have risen well over 60 percent since then. What mockery social security must be to the pitiful recipients of these pittance. Yet every day increasing NAM high prices take away another slice of bread from these hungry mouths.

I have a letter from an elderly lady which I ask to include in the Record as a part of my remarks, Mr. Speaker. It is a heartbreaking letter on how she fares on her \$60 a month in California. Of course \$60 a month in California is higher than most old-age people receive in many parts of the country. She is forced to spend \$30 for rent and then with the rest of her money she tries to eke out her existence. If she is sick she is out of luck, because she has not the money for a doctor. I ask to include that as part of my remarks, Mr. Speaker.

THE SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

THE FEDERAL RESERVE BOARD AGREES

Mrs. DOUGLAS. Mr. Speaker, the facts and figures I have given you show us clearly where we are headed. A very interesting independent survey of the current financial position and plans of consumers, made for the Board of Governors of the Federal Reserve Board in July 1947 by the University of Michigan shows that the people are already aware

of these facts and figures. The conclusions of that survey were published in the Federal Reserve Bulletin for October 1947 and are in its usual objective style.

You will see, Mr. Speaker, from these excerpts the reason for consumer resistance.

Mainly because of the rise in the cost of living, the proportion of spending units—

Spending units, Mr. Speaker, are people—

that felt they were worse off financially than a year ago was larger in July than earlier in the year.

That is what the facts and figures I have presented should also make clear to this House.

In other words, the people felt they were worse off now than they were a year ago. There is no use in trying to kid the people. No amount of campaign oratory will convince them that they are better off than they were a year ago.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mrs. DOUGLAS. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. On the question of kidding or being fooled, the people were fooled in 1946 by the National Association of Manufacturers, and the Republican Party, with the exception of a few progressives that exist in that party, by the appeal that if they got rid of the OPA, within 60 days there would be plenty of meat and plenty of everything else at lower prices than under OPA. Now, the people were fooled in 1946. The promises have not been kept, and it is costing the American consumers, as I said, \$50,000,000,000 more than it would have cost if OPA price ceilings were continued or if the authority in law had been continued for effective price control. The people are not to blame for being fooled in 1946, because they believed the promises that were made, but the same thing is going on now. They are trying to fool the people again, in 1948, because there is another election. If the people are fooled a second time, then they are to blame themselves. It is a pitiful thing to see what this tragic deception upon the people in 1946 has brought about. Although I have my doubts, I hope the people in 1948 will have learned their lesson and not be fooled again.

Mrs. DOUGLAS. I thank the gentleman from Massachusetts for his contribution.

The Federal Reserve Board goes on in its report to say:

These spending units—

People, Mr. Speaker—

which were most numerous in the lower income groups, were somewhat less optimistic than others were about future economic developments.

That means, Mr. Speaker, the American people have little confidence that this Congress will do anything to help them.

Responses to questions concerning current expenditures indicated that rising prices in relation to incomes were compelling many spending units—

And remember these are people, Mr. Speaker—

to make important adjustments in personal and family budgets.

The Federal Reserve Board study thus tells us that the low-income groups are going broke and going into debt and, what is more, that they do not have any confidence that Congress is going to do anything about it. This means, if I may be pardoned for pointing to the farm Members of the House, Mr. Speaker, that people are being forced to curtail their purchases of food and fiber—the products of American farms.

Data from a recent survey show a significant shift since the beginning of the year in consumers' price expectations. At the end of July 1947 approximately one-third of all spending units—

People, Mr. Speaker—

expected higher prices in the next 12 months as compared to about one-tenth of all spending units—

Again people, Mr. Speaker—

in the first quarter of the year.

In other words, Mr. Speaker, people have given up hope that they can expect any relief from the Eightieth Congress.

During the first 7 months of 1947, as in 1946, sizable numbers of spending units—

And once again I remind you that these are people, Mr. Speaker—

reported net withdrawals from their liquid asset holdings; i. e., United States Government securities and checking and savings accounts in banks. * * * The primary purpose for which liquid assets were withdrawn was again to meet general living expenses, particularly in the case of spending units—

Remember? People, Mr. Speaker—

in lower income groups.

Taking it out of Federal Reserve, Mr. Speaker, and putting it in plain American, people are eating up their savings and going broke.

We are willing to appropriate billions of dollars to stop communism elsewhere, but we do nothing to stop the conditions which will breed it here. There is apparently no willingness to stop the rising cost of living and bring it down to the point where \$1 will buy 100 cents worth of consumers' goods, and not 60 cents worth, as it does now.

Family life will face a crisis if this disastrous inflation continues. Anxiety and strain over the problem of how to make ends meet; over where to find a place to live, with houses being sold from under renters who cannot afford to pay the exorbitant prices asked; over illness unattended because doctors cannot be paid, cannot be safely overlooked. It is this kind of strain that drives people to all sorts of panaceas, including communism.

The first line of defense in a democracy is a people well-fed, well-housed, and well-clothed.

Last year, Mr. Speaker, I placed my market basket and its problems squarely in the lap of the Republican Party where it belonged, but the record of the past year has proved that the American housewife's market basket has not fared well there.

Not only has the majority failed to forward any measure of its own to combat inflation, but it has placed measure after measure proposed by the President

or introduced by Members of this body in the dungeons of its committees where they never see the light of day.

I, myself, have sought, time after time, to present measures that would aid in the fight against inflation. Among these are:

H. R. 1750—1947—a bill to continue a sound rent-control program.

House Resolution 236—1947—a resolution to discharge from its committee the long-range housing bill.

H. R. 4726—1948—the only noninflationary tax bill to provide a democratic cost-of-living credit straight across the board for every Federal taxpayer compensated by the reimposition of the excess-profits tax.

H. R. 5823—1948—a bill to continue a sound rent-control program.

WE NEED A COMPREHENSIVE ATTACK ON INFLATION

To date I have not introduced a price-control bill believing that such a bill should and would come in face of steadily mounting prices from the majority side of the House.

What has the Republican leadership in this Congress done to protect the housewife's budget?

It presented and passed in the Congress three programs.

First. Hatched up and passed in the special session a voluntary allocation bill. I am not going to waste any time on that. The Democrats were never for it and the Republicans have probably forgotten about it. If they have not, everybody else has. Indeed, no one ever took it seriously in the first place.

Second. Passed a second rent bill to further decontrol rents and therefore increase the cost of living.

Third. Passed a tax bill which provided an increase in the take-home pay, after taxes, for those with an income of \$3,000 of 3.2 percent; for those with an income of \$25,000 an increase of 18.5 percent; for those with an income of \$250,000 an increase of 58.4 percent. It was a tax bill that in every respect was inflationary.

Mr. Speaker, excuses, party slogans, trumped-up charges, whipping boys, accusations are not going to be accepted by the housewives of America, whether they be Democratic or Republican. They want action.

It is late—yes, but it will never be earlier.

The housewife cannot feed her family on speeches and declarations of Americanism. She knows that this Congress has done nothing to protect her budget. She knows that this Congress has done nothing to halt rising prices. Every day she is reminded of this fact when she pays the grocery clerk for the food in her basket.

Congress must get at the root of the problem. I am therefore introducing this afternoon an anti-inflation, price-control, and allocation measure. It has already been introduced on the other side of the Capitol and is the only bill which has been introduced to date which faces squarely the facts as represented in this basket. It provides an answer to the lessons we have learned from the market basket.

I warn this Congress that it had better pay attention to these lessons. The market basket is a yardstick of the effectiveness of the economic measure we take in this Congress. There is an atomic bomb in this basket, which if allowed to go off can lose for us the peace man must have.

I say again, take heed of the recent warnings of President Truman, his Council of Economic Advisors and Marriner Eccles of the new waves of inflation that this basket will soon reflect. If we are going to avoid another and final spiral that will throw us into economic collapse, some measure such as this proposal that I now introduce must be passed before we adjourn for the conventions.

Mr. McCORMACK. Mr. Speaker, will the gentlewoman yield?

Mrs. DOUGLAS. I yield.

Mr. McCORMACK. There ought to be a political atom bomb in that basket so that the people would recognize what in plain language, was pulled off on them in 1946 so that in 1948 they will return to the Congress a progressive party with progressive leadership which can only be done by electing the Democratic Party.

Mrs. DOUGLAS. I thank the gentleman from Massachusetts.

The bill I am introducing would provide an immediate price freeze at the January level of this year. It covers everything.

Luxury items and those items not in short supply can be taken out from under price control as the situation warrants.

It would go behind present prices and break some of the production bottlenecks which result in shortages and higher prices.

THE NEED FOR ALLOCATION POWERS

It would provide an orderly system of allocation of scarce materials so that the productive machinery of the United States can get out of its present tangle in which basic industries are unable fully to produce for lack of necessary materials.

It would provide for the allocating of steel, aluminum, lead, copper, and other vital materials just as we today control the use of tin, in order to insure maximum production where it counts. We must expand our basic industries. We must produce more, as well as hold down the prices of the things we produce if we are to lick inflation.

Our current fuel shortage, which is the most serious threat to our production, is due primarily to the lack of equipment for oil and gas wells, the lack of transportation facilities, such as pipe-line pipe and hopper cars, and the lack of power-generating equipment. These shortages are threatening all of our basic industries and our European recovery program.

The vital fuel bottleneck cannot be broken unless steel is available for these purposes. We have been told this clearly, again and again, in connection with the hearings on the European recovery program. The Krug, Nourse, and Harri-man reports clearly indicated that the

allocation of steel would be needed. And in the special session the President himself made it clear that these powers to allocate scarce materials must be available if we are to maintain our own production and to provide the goods needed abroad.

The West has a power shortage which cannot be broken unless steel is available for generators and turbines.

Detroit has a natural-gas shortage. Its plants were shut down last winter for over 2 weeks and 200,000 people were thrown out of work. This will happen next winter and the winter after that unless pipe made of steel is available to bring fuel to these plants.

We must assure our industry the materials it needs to maintain a high level of production and employment. Allocation of materials is necessary if essential production abroad is to be assured.

CREDIT CONTROL AND STABILIZATION

The bill I am introducing will also place a necessary restraint on inflationary expansion of bank credit. These provisions are identical with the measures proposed by the Federal Reserve Board last November.

The bill also provides for an economic stabilization coordinator and an anti-inflationary advisory board with representatives of business management, labor, and agriculture serving on it.

PRICE ROLL-BACKS AND WAGES

This bill does not restore the balance between wages, prices, and profits which today are hopelessly out of line.

It does not provide a roll-back in prices.

This bill does not provide for freezing wages. These are still to be determined by collective bargaining.

I should like to say at this point that were Congress willing to roll back prices so as to restore the balance which existed between wages, prices, and profits in the middle of June 1946, before price controls were effectively terminated, I would support a provision for the control of wages as well as prices in this emergency.

Mr. JOHNSON of Texas. Mr. Speaker, will the gentlewoman yield?

Mrs. DOUGLAS. I yield.

Mr. JOHNSON of Texas. If we are to judge the future by the past I seriously doubt that this Congress will take action on the legislation that the gentlewoman is introducing. We are hopeful, however, that the American people will send progressive Members to the new Congress who will help us to prevent ruinous and runaway inflation. If the people do that I think it will be the result largely of the courageous and able fight that Members like the gentlewoman from California have made in an attempt to keep the little people of America from being ruined by inflation.

Mrs. DOUGLAS. I thank the gentleman.

Mr. HOLIFIELD. Mr. Speaker, will the gentlewoman yield?

Mrs. DOUGLAS. I yield.

Mr. HOLIFIELD. I have been sitting in the gallery listening to the lady make her speech today. It is one of the finest speeches that has ever been delivered on this floor. It is well documented with facts which she has brought out and put into her speech from authoritative sources. Her speech is a challenge to the people who believe in laissez faire, the

people who say, "Just turn the business interests of this country loose and they will furnish the people everything they want at cheaper prices." She has proved beyond question that that political and economic philosophy is fallacious. It is untrue. It is a cruel hoax on the people of America. I want to compliment the gentlewoman on the weeks of preparation which I know she has undergone to prepare this speech and to collect the facts and data which she has presented. I think it is a challenge to the Republican Party, and I would like to hear their most able Members answer the challenge which she has given them today, which proves beyond any doubt that they are responsible for the high cost of the articles which are necessary for human life, and for the inflation which is now enveloping our country and which is threatening our economic existence and which is a factor which will prevent us from arming and defending our country, because you cannot defend a country nor defend the health of the people of the country with inflation as we have it today.

Mrs. DOUGLAS. I thank the gentleman from California. Instead of inviting the Republican leaders to answer this speech, I would much rather they acted to control inflation. I pray for open minds on this vital question on both sides of the aisle. Everyone is caught in this inflationary spiral. It is not partisan. I can see nothing but chaos and disaster if we pursue our present course.

Mr. McCORMACK. Mr. Speaker, will the gentlewoman yield?

Mrs. DOUGLAS. I yield.

Mr. McCORMACK. I think we all join the gentlewoman in the hope that there will be this open mind, but we also hope that the people of America will arouse themselves to a realization of what has been done to them, and that there will be an aroused public opinion that will be very influential in creating that open mind because, without that, I am afraid there is going to be a closed mind.

Mrs. DOUGLAS. I agree with the gentleman. I am hoping that we will have a strong expression of public opinion on this matter so that we can in the months that remain between now and November do something to bring a balance between prices, profits, and wages.

Is it hopeless to introduce a price-control bill at this late date? Is it hopeless to expect that this Republican-led Congress will now take steps that they have steadfastly opposed?

Mr. Speaker, there are 6 months left before November. Are the Republicans in this Congress prepared to meet America's housewife at the polls, having left unsolved the economic problems represented in this basket?

Is the Republican housewife indifferent to the shortcomings of Congress as they are reflected in this basket?

I do not believe it.

Mr. Speaker, this Congress, in its farsightedness and understanding, has passed the ERP bill.

This Congress has just voted for an expanded Air Force.

Mr. Speaker, unless we initiate the necessary controls, our ERP program and our contemplated defense program, are

going to increase our inflation until we go bust. In that process the people of America are going to be forced to accept a lower standard of living month by month and year by year. Is that what this Congress wants? I do not believe it.

The SPEAKER pro tempore. The time of the gentlewoman from California has expired.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the gentlewoman from California be permitted, with the consent of the others who have special orders, to proceed for 10 additional minutes.

Mr. RAMEY. Mr. Speaker, reserving the right to object, and I shall not, I have a special order, and so does the gentleman from North Carolina [Mr. FOLGER], and the gentleman from Massachusetts [Mr. KENNEDY], but I should like the gentlewoman to yield to me during these 10 minutes to ask her a question, and possibly also a question of the gentleman from Massachusetts.

Mr. FOLGER. I do not intend to use my time tonight.

Mrs. DOUGLAS. I may say to the gentleman from Massachusetts that I do not need that much time. I have only one more thing to say. Then I will be glad to yield.

The SPEAKER pro tempore. The gentleman from Massachusetts asks unanimous consent that the gentlewoman from California may proceed for 10 additional minutes. Is there objection?

There was no objection.

Mr. RAMEY. Mr. Speaker, will the gentlewoman yield?

Mrs. DOUGLAS. I yield.

Mr. RAMEY. I do not, of course, choose to ask a question or make any statement for our side, there being but two or three Republicans present, but the Republican Party has been directly assailed.

The gentlewoman has asked for open minds. As I say, I am not speaking for the leadership. There are just two or three of us here and we are not authorized to make any statement; but I may say to the gentlewoman that there is not any question but what there will be open minds. Let me, however, in all friendliness remind the gentlewoman that one can do anything with words. Words are dangerous. Even Holy Writ in the third chapter of James reminds us that we can control horses with just a little bit, that we can control a ship with just a little rope and rudder, but that the tongue of man no one can tame, especially when it may be motivated by emotionalism or it may be hate. I hope these unusual words are not applicable to the gentleman from Massachusetts, I know they are not to him and I do not believe they are to the gentlewoman from California; but the gentlewoman asks us for open minds.

Why ask us for open minds and assail us with barbed words?

The gentlewoman said: "Over the hill to the poorhouse with the NAM," or something like that; I do not remember. I do not know that I know what that means. "And the GOP." I know what that means, for I am a member of the GOP. I wish to remind the gentlewoman from California that Will Carleton, who wrote Over the Hill to the Poorhouse,

passed on long before Communists and world terrorists or even more than mild iconoclasts came on the scene. I regret that the gentlewoman makes this approach.

Mrs. DOUGLAS. May I interrupt to answer the gentleman at this point?

Mr. RAMEY. Certainly.

Mrs. DOUGLAS. I said that I was sure—the gentleman remembers my speech?

Mr. RAMEY. That is right.

Mrs. DOUGLAS. That the Republican-led Congress at this moment would not want that label attached to them.

Mr. RAMEY. They are the gentlewoman's words, all right.

Mrs. DOUGLAS. I said I am sure they would not want that label attached to them.

I think that was a fair statement.

We cannot get a price-control bill through this Congress unless the leadership, which happens to be Republican at the moment, sponsors such legislation, do you see?

Now, then, I am saying that if we have a depression then the responsibility for not having reimposed controls must of necessity be lodged at the door of Republican leadership because the Republicans are in the majority. A Democratic President has long since asked for controls. I am not trying to be partisan. In my opinion, the American people are in a desperate situation. I have tried to gage my whole speech in such a way as to free it from a partisan approach. But the gentleman is on the majority side.

Mr. RAMEY. We concede the gentlewoman's words were cunning.

Mrs. DOUGLAS. No; not cunning. I have been very forthright.

Mr. RAMEY. Nobody could debate with the gentlewoman on words.

Mrs. DOUGLAS. I have great respect for the gentleman and I admire him for his support of many good measures in this Congress. But I am not spinning words—I am presenting basic economic facts. These prices speak for themselves. I am not opposing anything or anybody in the Congress. I am bringing the facts before you hoping that Congress will act. The gentleman is on the majority side. The Republicans are effective when they want to be and I have great admiration for their effectiveness. I ask them to step out now and be the people's champion, even if it means increasing the number of Members on the other side of the aisle after November.

Mr. McCORMACK. Mr. Speaker, will the gentlewoman yield?

Mrs. DOUGLAS. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. It is most unfortunate for the Republican Party and for the House that our friend from Ohio is not in leadership in his party because certainly no remarks I made, and I am sure this is true of the gentlewoman from California and her remarks, by the remotest inference would apply to the distinguished gentleman from Ohio [Mr. RAMEY]. The gentleman we all recognize is one who has an open mind not only on this subject but on other matters. He has a deep, fine, rich phi-

losophy which addresses itself to all Members and commands their respect and attention. So far as the gentleman from Ohio is concerned, I know the gentlewoman from California as well as myself and my Democratic colleagues on the floor are exceedingly distressed that he has to defend the Republican Party because on this question he has long since recognized the weakness of his party and he has evidenced that by his votes.

So in connection with the observations we have made, we particularly exclude our friend from Ohio from any of them. I particularly exclude him. He comes among that small but very limited and courageous group of Republicans who have approached this question with an open mind and voted for the people's interest.

Mrs. DOUGLAS. I thank the gentleman from Massachusetts. May I say one thing more to the gentleman from Ohio. I would like to remove the issue of inflation from partisan politics. I think something can be said on both sides of the aisle in connection with the final votes that were taken to kill OPA. However, the record shows that the Republican side of the House has been largely in opposition to price control from the beginning. But aside from all that, rising prices are going to blow us high, wide, and handsome unless we do something to check them. People want action—not recriminations. The Republicans have the majority. It is up to them to do something about it. It is as simple as that. If they will act to check inflation they will gain great popularity in November. Now, you cannot say that is partisan on my part, is it?

EXHIBIT A—THE PRESIDENT'S 10-POINT PROGRAM

On November 17, 1947, the President in his message to Congress presented a 10-point program, the effectuation of which he felt was necessary for the economic well-being of our own country and of the world. The President was particularly concerned about the march of inflation from which a catastrophic depression may result. So far, this Eightieth Congress has given heed to only 3 of those 10 points, and in all cases a half-hearted manner.

With respect to his first point—the restoration of consumer credit controls—the other body of this Congress long ago took some action, but to date this body has taken no action, nor is any contemplated by the committee responsible.

With respect to his third point—to extend and strengthen export controls, two bits of legislation have been acted upon; one to remove price criteria from export controls, which I consider unsound, and the second to extend the President's authority only until May 31, 1948, which is short-sighted since the matter will have to be taken up again.

With respect to his eight point—to extend and strengthen rent control, this Congress passed a rent-control bill, if you want to call it that. But I think the chairman of the House Banking and Currency Committee labeled it much more aptly when he called it the second decontrol bill.

If we really want to lick inflation now, I think this Congress might do well to study these 10 points again. Perhaps some decent legislation to prevent a depression may yet come out of the Eightieth Congress.

For that reason I am including them as an exhibit at this point:

PRESIDENT'S 10-POINT PROGRAM

First. To restore consumer credit controls and to restrain the creation of inflationary bank credit.

Second. To authorize the regulation of speculative trading on the commodity exchanges.

Third. To extend and strengthen export controls.

Fourth. To extend authority to allocate transportation facilities and equipment.

Fifth. To authorize measures which will induce the marketing of livestock and poultry at weights and grades that represent the most efficient utilization of grain.

Sixth. To enable the Department of Agriculture to expand its program of encouraging conservation practices in this country and to authorize measures designed to increase the production of foods in foreign countries.

Seventh. To authorize allocation and inventory control of scarce commodities which basically affect the cost of living or industrial production.

Eighth. To extend and strengthen rent control.

Ninth. To authorize consumer rationing on products in short supply which basically affect the cost of living.

Tenth. To authorize price ceilings on products in short supply which basically affect the cost of living or industrial production, and to authorize such wage ceilings as are essential to maintain the necessary price ceilings.

EXHIBIT B—MEMORANDUM TO THE PRESIDENT BY THE COUNCIL OF ECONOMIC ADVISERS

The Council of Economic Advisers to the President presented a memorandum to him recently covering the state of our economy for the first quarter of 1948.

That document is intensely interesting to me. Not only does it give a very current picture of the trend of inflation, of the steel price rise and the third-round of wage increases, of the defense plan and the European recovery plan, but its recommendations for fiscal and material controls are timely and should be considered seriously by this body if we are to avoid economic collapse.

The full memorandum is included below:

MEMORANDUM TO THE PRESIDENT FROM THE COUNCIL OF ECONOMIC ADVISERS

The President's Economic Report of January 14, 1948, stressed continued inflationary tendencies as the prime danger to be combated in early 1948. It recommended maintenance of the existing level of taxation and the tightening of credit controls as restraints upon the general price level, and extension of rent control, and initiation of allocation of materials as specific devices for meeting the inflationary dangers. It recommended stand-by controls of prices and wages, to be invoked if crop conditions during 1948, the actual impact of the European recovery program as authorized by the Congress, or other economic developments should bring particular inflationary situations to a critical level.

These recommendations were made in contemplation of a foreign-aid program approximating the \$6,000,000,000 program enacted by the Congress for the fiscal year 1949.

After the passage of 3 months, we should now examine and evaluate certain impor-

tant new factors that have entered or old factors that have changed since January and, on this basis, consider what new or modified policies are now called for.

THE COMMODITY PRICE BREAK AND OTHER ANTI-INFLATIONARY FACTORS

One important new factor developed early in the quarter in the form of a sharp break in prices of agricultural products, particularly grains and livestock. The strong inflationary push given to the general price and wage situation during 1947 had, among other things, reflected a condition of poor crop yields in much of the world. In the first half of December 1947, reports of crop conditions both at home and abroad became more favorable, and the January report of the grain carry-over was larger than had been expected. This betterment of the food outlook was reflected in considerable fluctuation in agricultural prices, which culminated in a sharp break in late January. From a low about the middle of February there have been several short periods of recovery, but with these prices in the main making a plateau formation somewhat above the bottom point of the dip.

In many quarters, the agricultural price break was hailed as the end of inflation. Some even thought it was the beginning of a recessionary movement which would spread throughout the economy. As the Council then reported, however, there were clearly discernible factors which would make such a general movement extremely unlikely. Agricultural prices were not being forced down by any surplus of farm products either at home or abroad, and they were not falling into a vacuum. They were declining toward the support levels provided by existing agricultural legislation. Cereals and meats were unlikely to test those levels in the face of the fact that at least moderate scarcity of food would exist in the markets of the world during the closing months of this crop-year even if conditions for the 1948 crop should develop very favorably.

It was most fortunate for our people that this first open break in the inflationary movement occurred at the one place where it would induce no chain reaction in the shape of reduced production and of loss of employment throughout industry. The decline in agricultural prices did not have any direct effect upon production and employment, and when the grain markets had become fairly well stabilized before the end of February, we could feel confident that the economy as a whole had been distinctly benefited. While the break had not created any specific recessionary developments, it had induced a desirable degree of caution in the business world.

In contrast to the break in agricultural prices, there was no important reduction of industrial prices during the first quarter. The weekly wholesale price index of goods other than farm and food products, which had been rising at a steady rate for full 6 months, dropped only one-half of 1 percent in February to a level which it has since maintained without appreciable variation.

During the first quarter, reports of consumer resistance became increasingly prevalent and indications that competitive conditions were returning, or would return over wider areas as the year progressed, carried an intimation that the economy was approaching a topping-out area in which the forces of inflation would be abating. This was reflected in a growing sentiment in commercial and industrial circles that the honeymoon is over, the bloom is off the peach, it's time to put our house in order, we've got really to sell the public, not just book orders, and the like. Of course, this trend of thought and action has been most marked in soft goods and light manufacturing. It did not hit automobiles, heavy industry, or basic

materials, such as coal, petroleum, and steel. Even these industries, however, showed a sobering sense that their turn would come in a future which was constantly drawing nearer.

THE STEEL PRICE RISE AND THIRD-ROUND SPIRAL

In contrast to the favorable economic factors which characterized the opening months of 1948, the last few weeks have witnessed developments which have given new impetus to the price-wage spiral of inflation and threaten seriously to retard production and to impair the real purchasing power of consumers.

The first of these developments was the mark-up of prices of semifinished steel on February 13 as the climax of a creeping advance in various steel prices that had been going on during January and early February. This advance in prices of a commodity so basic as steel threatened compensating price advances in a wide range of steel-using industries. This would aggravate the general inflationary tendency or, encountering the consumer resistance which we have already mentioned, might lead to an impasse and curtailment of production. The furor of public criticism of this move, the prompt investigation by the Joint Committee on the Economic Report, and reports on the subject by the Departments of Justice and Commerce and the Council of Economic Advisers served to check the spread of price increases to finished steel. But the steel wage settlement was yet to be made, and the whole situation was thrown into confusion by the stoppage of coal production on March 15.

Up to this time, the so-called third round of wage adjustments had progressed without extensive work stoppages and with advances of wage rates mostly limited to a range of 5 to 15 cents an hour. They did not conform to a pattern but rather to the peculiar situations of the various companies and in the main were not at once reflected in proportional or larger price advances. There seemed to be some ground for hoping that labor and management would compose their differences without strikes and that wage adjustments would in the main be held within limits that would not require further price increases. Such an outcome would demonstrate our ability to use voluntary bargaining methods toward the containment of inflationary forces.

The high cost of living still exerts an upward pressure on wages. Thus far the consumers' price index has failed to reflect the commodities break which occurred in February. This may represent only the customary time lag. But in view of the recent stabilization of commodity prices, and the additional buoyancy which has been injected by the defense plan, there is certainly no assurance that the consumer price index will go down, and for such important items as meat and rent, there is strong reason why it may go up. In the case of meat, it is estimated that the supply this fall may be 10 percent below the supply last year. In the case of rent, the housing shortage is still acute and rent control has been loosened by a succession of legislative steps. The high cost of living still persists as an important element in the wage negotiations that are ahead. And significant industrial leaders have expressed in no uncertain terms their prediction or determination that any substantial wage increases would be followed immediately by further price increases.

Stoppage of work in the bituminous coal mines on March 15 did not grow out of a demand for higher wages, but it had the effect of immediately aggravating shortage of material at a point basic to our whole industrial system. Even if settled at an early date, it will result in the loss of many thousands of tons of steel and postpone the time when the supply of automobiles and other items fabricated from steel will catch up with demand.

THE DEFENSE PLAN

Against this reminder of the continuing narrow margin of supply at the very basis of our industrial system, the President on March 17 addressed the Congress on the seriousness of the international situation and launched a defense plan. On April 2, the Congress completed passage of the European recovery plan and on the same day removed approximately \$5,000,000,000 from Government revenues through its tax-reduction act and added this amount to civilian spending power.

These developments must be evaluated against the background of an economy of relatively little slack in employment or productive capacity, of high prices still strongly colored by inflationary forces, and of a precarious balance between prospective Federal revenues and projected scale of expenditures. In such circumstances the inflationary threat might easily be aggravated, and substantial increases in the demand for certain goods might quickly initiate new price advances.

In our analysis of this inflationary problem, we shall assume that the coal strike will be settled within a relatively short time. The loss of coal production in a strike of even a month would entail the serious disruption of railroad transportation, steel production, and other industrial output. Therefore, the restoration of fuel production constitutes our foremost domestic problem since indefinite continuation of the coal strike would bring industrial paralysis.

On this assumption of an early settlement of the coal strike, it is our belief that the European recovery plan and the defense plan as now proposed should not generate inflationary pressures which at this time require resort to over-all controls of the war-economy type. We believe that the safeguarding measures included in the President's 10-point program in November and reiterated in January should be promptly enacted and somewhat extended but that this will leave free competitive enterprise to operate through most of the business world.

We are aware of course that the international situation with which the President must deal is most uncertain and that the defense plan now proposed may soon prove to be inadequate. We feel, however, that our analysis and recommendations should be limited strictly to the program as announced and as evaluated by the business community. This involves something of a psychological factor but, as already stated, does not as yet, as we read the signs, involve general speculative anticipation of future expansion of the program. Everywhere in the business world, there are heard words of caution, but we recognize that that condition might change suddenly.

The European recovery plan and the defense plan need to be considered together because they entail similar economic consequences. Both will entail withdrawal of goods from American consumers without a corresponding curtailment of purchasing power in their hands.

Appraisal of the combined impact of these two plans may be undertaken by an examination, first, of their general impact upon the economy, and, second, of their impact upon specific situations of shortage. Viewing first the general impact, we concluded in our October foreign-aid report that the export surplus in 1948 under an aid program of the size then contemplated would not inject a new inflationary influence because it would not exceed the export surplus already felt in 1947. As finally adopted, the European recovery plan will involve an export surplus in 1948 at least \$2,000,000,000 below the level that the October report contemplated and found to be safe. This leaves room for the safe absorption of a defense program of considerable magnitude. The defense program, as now formulated, implies a \$3,000,000,000 to \$4,000,000,000 commitment

for the fiscal year 1949. In the President's letter of April 1, transmitting an additional budget request, there was outlined a program involving additional expenditures for the armed services of only \$1,700,000,000 in fiscal 1949. Of this amount, not more than half will represent actual payments to the public in 1948, and only a part of this will represent a demand for additional goods. Thus, in terms of its general impact upon the economy, the defense plan would seem to be something the country could readily take in its stride.

With increasing appreciation of these facts, the tendency for business to react to the defense program in terms of an incipient new boom has abated, and there has been an increasing disposition to assess the plan as an offset to softening tendencies which might be developing during 1948 rather than as a further stimulus to an already strongly inflationary situation.

But while a \$3,000,000,000-to-\$4,000,000,000 program may not seem disturbing to a \$240,000,000,000 economy when viewed generally, the conclusion is different when we turn to its specific impact upon particular production and market situations. Just as in the case of the European recovery program, to which it is now added, the real issues as to whether additional economic controls are needed grows out of the concentration of both programs on certain classes of goods and areas of production where shortages have been most severe and persistent. These areas include products of farm origin, particularly livestock products and textiles, steel and other metals, and the sources of power and heat, including coal, petroleum, gas, and electricity.

While we do not yet have specific information as to the size and timing of these particular demands, we have already, in evaluating the impact of ERP, urged the adoption of allocation policies which, if carried out, will help to hold the prices of these goods from unduly rising and prevent demoralization of productive operations. The same prudent measures will help to offset the inflationary effect of the expedited stockpiling program for which the President has requested \$375,000,000.

One factor which has entered the picture since the time of our foreign-aid report is the addition of about \$5,000,000,000 to the purchasing power of consumers through the reduction in taxes. This adds to inflationary pressures an important force and virtually eliminates the one important weapon controlled by the Government with which to combat inflation—a substantial Government surplus. Yet we believe that this untoward development can also be neutralized if the other features of the President's anti-inflation policy are adopted.

RECOMMENDATIONS

Of the policies and programs of the Government which we believe will fairly well restrain inflation if labor peace is maintained and the defense program is not greatly expanded, the first three will operate through influencing the entire economy, the others are directed at points of specific pressure.

Fiscal controls:

The imprudent reduction in taxes increases the need and by the means ends the opportunity for helpful fiscal policies. New taxes should be demanded in proportion to (or even in anticipation of) all subsequent increases of defense expenditures which are not clearly offset by practicable reductions of Government expenditures in other directions. Reduction of public expenditures should be made wherever possible.

Credit controls: So long as inflationary danger continues, the central banking system should use its powers to restrain the creation of buying power through bank loans. The imperative need to protect the Government bond market prevents the use

of the traditional method of limiting the expansion of bank credit by raising discount rates, but something can be accomplished by increasing reserve requirements, and authority should be granted to take this action. If we avoid a Government deficit and prevent the expansion of bank credit, we can still avoid a destructive general or monetary inflation, even though there might be a considerable rise in particular prices.

Consumer credit, also, should be restricted. The President's warning that there would be imprudent, competitive easing of credit terms when control was dropped has been fully vindicated.

Savings bond campaign: The completion of the extensive preparations for the Nationwide campaign to sell savings bonds fortunately comes at the most appropriate time to give maximum effect to the anti-inflationary value of consumers' savings. Saving by consumers is the only anti-inflationary measure which is pleasant. It is also one of the most effective of such measures. No effort should be spared in pressing to the fullest advantage the fine enthusiasm which has been built up in the great army assembled for this campaign.

Materials controls: Since we start the defense effort not from a position of industrial and commercial slack as in 1939 but from one of activity so high that significant material shortages already exist, we believe that ordinary prudence requires that increased attention be given to perfecting a system of allocations, priorities, and export and domestic-use limitations which would build up adequate stock piles and safeguard production under the defense plan against bottlenecks and break-downs. Present and prospective shortages in food, textile, metal, and fuel or power items already referred to make it necessary that allocation and related control measures be promptly enacted and selectively applied.

Some controls have already been found necessary during the formative stages of the European recovery program. These should be articulated with or merged into the defense-control system. We believe also that voluntary effort in the formulation of the materials-control plan and in its enforcement should be utilized to the fullest extent possible. The authority to impose controls should not be limited to establishing priority of use. That simply makes the competition all the warmer for the balance of the supply. There must be power to make it unlawful to use controlled materials in unnecessary projects, or to use controlled materials beyond the permitted quantity in authorized but limited projects.

Price-wage control and rationing: There has not yet appeared need to impose either price control or rationing, other than in the case of a few materials, as discussed above. The prospects for an adequate meat supply are so poor, however, and there is so much uncertainty about the general food situation that the President should have authority to make ready a price and rationing system and to put it into effect selectively as conditions require. Where price controls are imposed there should be a prohibition of such wage increases as would break through the price ceiling, except for certain necessary equitable adjustments and except for such wage increases as might be necessary to recruit people from the defense program in the absence of manpower controls.

Distribution of labor: The number of men involved in the contemplated increase in the armed forces and in the expanded industrial operations incident thereto will not exceed the expected increase in the labor force in 1948. The labor market is tight, however, and the frictional difficulties in the way of any accurate distribution of labor will lead to many local shortages. These can be minimized by making better use of the United States Employment Service.

To this end, we believe that the national office of the United States Employment Service would have to be enlarged and strengthened. The Employment Service should undertake to develop a smoothly functioning program of (a) priority referral in local offices, and (b) comprehensive interarea recruitment. We should make sure that the Selective Service Act and regulations are so drafted and administered as to give suitable deferment to individuals and groups who are especially needed in the defense program. Procurement agencies likewise should exercise care to see that contracts are placed in looser labor market areas and, so far as possible, withheld from tight labor markets. Efforts should also be made to prevent labor piracy or unrestrained intraindustry hiring.

In general our position is that manpower control should be of an indirect rather than direct sort.

IN CONCLUSION

At this early stage of the defense plan, two points should be clearly recognized and made plain to the public:

1. We are in a peace economy, not a war economy. The maintenance of an armed force is as much a part of the peacetime system as is the maintenance of a police force by States, counties, and cities, or the employment of railroad detectives and factory guards. The last 2 years have given us a fuller measure of the productivity of our resources when aggressively used. We were not staggering under the load of \$11,000,000,000 for our protective forces, and the rise in this item to \$14,000,000,000 or \$15,000,000,000 will not swamp our economy nor require us to pass from free enterprise to regimentation. Some rather systematic and vigorous discipline, however, must be exercised to redirect our economic effort so as to meet the new goal in an orderly and economical manner.

2. Every citizen must recognize that further diversions of productive effort to military uses inevitably involves some sacrifice of civilian types of consumption. It is our particular application of the old alternative of guns or butter.

Our people had—and we believe quite properly—looked forward to a postwar period in which larger numbers of people would achieve higher standards of living than had ever been realized before. Those hopes are not nullified by the defense program. But they must be in some measure postponed or for the present revised downward. During this period, if any group insists that its income shall be advanced in proportion to every advance in prices or that it shall be in a position to pay up to whatever level is needed to bid its accustomed amount of goods away from other users, it is in effect demanding that it be exempted from sharing in the common burden of protecting our country. These economic facts of life should be proclaimed along with every step in working out the practical details of the defense program.

EXHIBIT C—STATEMENTS OF MARRINER S. ECCLES FOR THE FEDERAL RESERVE BOARD

Last November, Chairman Eccles, of the Federal Reserve Board, presented testimony before the Joint Committee on the Economic Report. In it is stated very clearly the causes of the current inflation problem and the methods of controlling it. In particular, he explained in detail the special reserve requirement plan proposed by the Federal Reserve Board as a method of restricting the banks' expansion of credit. That plan is given below:

1. The plan would have about the same effect in limiting credit expansion as an increase in primary reserve requirements, which was proposed as the third alternative in the 1945 annual report. It would enable the banks to retain the same volume of

earning assets that they now hold, whereas an increase in basic reserve requirements would make it necessary for them to reduce earning assets, with adverse effects upon the earnings position of banks.

2. The ratio of potential credit expansion on a given increase in reserves would be narrowed to the extent that the special reserve was required. At the maximum requirement proposed, it would be lowered from 6 to 1 to nearly $2\frac{1}{2}$ to 1.

3. It would bring about an increase in interest rates on private debt and would increase earnings of the banks from this source where rates on loans are comparatively low. It would accomplish this purpose, moreover, without increasing the interest cost on the public debt or permitting unstable prices in the Government securities market. The plan, in effect, would divorce the market for private debt from the market for Government securities.

4. The plan would not rely on higher interest rates to restrain private borrowing, but to the extent higher interest rates restrain such borrowing, the proposal would make use of the interest rate mechanism. Hence, the cost of restraining credit would be borne by private borrowers who are incurring additional debt, and not by the Government which is reducing its debt.

5. The main effect of the plan would be to reduce the availability of bank credit. This would be accomplished by putting the restraint on the lenders, that is, the banks. They would be less willing to sell Government securities in order to expand credit because the amount of such liquid assets as they held as secondary reserves could be greatly reduced by the requirement. Such an authority, even without action being taken by the Reserve authorities, would have a very restraining influence.

6. The plan would restore use of the customary instruments of Reserve influence on bank-credit expansion, namely, discount rates and open-market operations. Support of these instruments by the special reserve requirement would enable the Federal Reserve to make it more difficult and costly for banks to borrow Federal Reserve funds.

7. No alterations in the banking structure, in the authority of the supervisors, in customary methods of bank operations, or in established interbank relationships would be introduced as a result of imposing the requirement.

8. The banks would be left by the plan with sufficient latitude to meet essential needs of the economy for credit, and the public would be assured of a high degree of liquidity and safety for the banking system.

On April 13, 1948, Mr. Eccles again appeared before the Joint Committee on the Economic Report to speak for the Board of Governors of the Federal Reserve Board on the monetary and credit situation as it had developed during the intervening 4 months. The statement is concerned particularly with the impact on our economy of military and relief expenditures. Below are excerpts from this testimony:

SITUATION NOW AND IN 1940

The Board believes that any realistic appraisal of the economic outlook from the standpoint of monetary and credit policy must take account of the underlying facts of the international situation. During the war there was no doubt about the ultimate victory. The country looked forward confidently to an era of stability and peace following the hostilities. Nearly 3 years after the end of fighting, however, we seem to be farther away from these goals than ever. Our national debt still exceeds two hundred and fifty billions, or more than five times the prewar total. Federal budgets have

never fallen under thirty-seven billions a year and we are confronted now with the prospect of an expanding debt and budgets. During the war we expected the peace to bring an end to these enormous drains on our resources.

Today there is no end point in sight. Threatening as the inflationary potential was at the end of the war, it is worse today. When we embarked upon the defense program in 1940 we had a tremendous slack in the labor force, with nearly twelve millions fewer employed then than now. We had surpluses of most raw materials, of unused industrial capacity, of housing, of foodstuffs, and of countless other things. The impact of our heavy armament expenditures was not inflationary so long as the total demand on our resources did not exceed capacity. It rapidly became inflationary as civilian purchasing power created by the expenditures began to exceed the available supplies of goods and services.

We held the excess purchasing power fairly well in check while the war was on. We have now seen the consequences of premature removal of the harness of wartime controls. Even the one remaining anti-inflationary force, that is, a large budgetary surplus used to reduce our money supply, is no longer in prospect.

OVER-ALL POLICY ALTERNATIVES

On the basis of present trends, we believe that the country, sooner or later, has to choose between three broad alternatives.

First, we can continue on the present course of providing essential foreign aid and of carrying out a military program on a scale of, as yet, undetermined size and cost, while at the same time we have no effective checks on the free play of economic forces. This is the certain road, if followed long enough, to a ruinous inflation. Surely no one would seriously contend that we can go on adding more and more pressure in the boiler of inflation without an ultimate explosion. Those who view us with a hostile eye no doubt hope that we will wreck our economy on the shoals of inflation. It would be a cheap way to defeat us.

Secondly, the country could be subjected to a full harness of direct economic controls—for example, allocations, construction permits, rationing, price and wage controls, as well as taxation at higher levels. Without such a harness, amounting to a regimentation of the economy in peacetime, there is no such protection against inflationary dangers that may lie ahead. They cannot be successfully combated by any single means or on any single front. There is no power that the Board now possesses or that the Congress could give us in the monetary and credit field that would be adequately effective by itself.

Beyond that, we must ask ourselves whether the public would be willing in peacetime to submit to the sacrifices and rigid restraints of a wartime economy. If our preparedness program calls for a military draft upon our young men, should it not call also for control of the profits arising from that program?

We may well ask for how many years must we maintain enormous and probably expanding military expenditures. The question is, how long, to what end, and at what consequences to our economy? We do not have the inexhaustible supplies of manpower and resources to support indefinitely, with no end point in sight, programs of the magnitude which we now are shouldering or contemplating. We cannot go on year after year bearing these crushing costs without jeopardizing what we seek to save. If we were confident of the early establishment of peace, we could tolerate a tightly controlled economy. We believe that the time element is the very essence of this grave problem.

Our Nation sought neither territory nor reparations in either World War. We seek

neither now. We ask only for the earliest possible establishment of the foundations for enduring peace. To that end, our third and best course may be to choose a combination of alternatives; that is to say, acceptance of such controls as may become necessary to prevent inflation at home while abroad we lay at the earliest possible moment the foundations for peace. Surely an informed public would be ready to accept even burdensome controls and taxation if convinced they are essential to safeguard our economy against a ruinous inflation, and that there is an early end point in sight which will enable us to maintain our system and our institutions in a peaceful world.

So far as the monetary and credit field is concerned, we have tried to make clear that action on these fronts alone cannot guarantee stability. Nevertheless, we believe that the Reserve System should be armed with requisite powers, first to increase basic reserve requirements of all commercial banks and, later on, if the situation requires it, to provide that all such banks hold an additional special reserve. Both of these would be protective measures. The first could be used to offset gold acquisitions and purchases of Government securities by the Federal Reserve, and thereby restrict continued expansion of our already excessive money supply. The second would be essential in case banks embark upon an inflationary credit expansion through the sale of Government securities to the Federal Reserve or to assist the Government in case of large-scale deficit financing.

We believe it is the part of prudence to recognize clearly that the underlying cause of the continuing inflationary dangers arises from the disappointment of our great hopes for the early establishment of world peace. Surely we must summon all our human and material resources needed to assure that peace. If necessary to protect our economy at home so that we shall not lose by inflation what we seek most of all to save, we should be willing and prepared to reimpose to whatever extent the situation demands a harness of controls, including higher levels of taxation. Nobody wants such regimentation but in the hard choices before us it is infinitely preferable to economic chaos and possible collapse of our system, to which all freemen look for deliverance from the evils of war and misery that feed on economic distress.

We are aware that the questions of policy designed to achieve the cardinal purpose of assuring an enduring world peace are outside the domain of those charged with responsibilities in the monetary and credit field, but we feel that such responsibilities have to be exercised in the light of the burdens which the economy must bear. The earliest attainable settlement of the issues that now stand in the way of lasting peace offers the best hope for the preservation of our institutions and our freedoms. Meanwhile, they must not be jeopardized either by uncontrolled inflation or long-continued regimentation at home.

EXHIBIT D—CORPORATE EARNINGS IN 1947

The April 1948 monthly letter of the National City Bank of New York on economic conditions and Government finance carried an interesting table of corporate earnings in 1947. Below is the table, together with an excerpt from the article of which it is a part:

CORPORATE EARNINGS IN 1947

Annual reports for 1947, now issued by a majority of all corporations publishing financial statements, reflect the substantial increase over 1946 which occurred in total dollar sales and aggregate net earnings, and which is characteristic of inflation. Both figures are higher than in any previous year.

Net income of leading corporations for the years 1946 and 1947

Net income is shown as reported—after depreciation, interest, taxes, and other charges and reserves, but before dividends. Net worth includes book value of outstanding preferred and common stock and surplus account at beginning of each year.

[In thousands of dollars]

Industrial groups	Number of companies	Net income after taxes		Percent change ¹	Net worth, Jan. 1 ²		Percent return	
		1946	1947		1946	1947	1946	1947
Baking.....	21	56,975	57,523	+1.0	274,948	284,576	20.7	20.2
Dairy products.....	14	64,736	60,364	-6.8	344,280	392,467	18.8	15.4
Meat packing.....	20	69,368	83,928	+21.0	662,051	697,450	10.5	12.0
Sugar.....	24	37,753	79,952	(+)	395,662	429,035	9.5	18.6
Other food products.....	66	187,566	245,477	+30.9	1,052,214	1,173,576	17.8	20.9
Soft drinks.....	15	39,405	49,066	+24.5	196,894	217,338	20.0	22.6
Brewing.....	30	20,861	26,683	+27.9	89,956	104,148	23.2	25.6
Distilling.....	12	161,635	139,065	-14.0	388,424	522,484	41.6	26.6
Tobacco products.....	22	98,458	115,035	+16.8	863,858	897,217	11.4	12.8
Cotton goods.....	42	101,717	162,190	+59.5	381,607	448,804	26.7	36.1
Silk and rayon.....	16	59,579	90,326	+51.6	281,965	346,320	21.1	28.1
Woolen goods.....	8	34,131	31,282	-8.3	137,703	147,242	24.8	21.2
Hosiery, knitted goods.....	19	22,626	22,556	-0.3	77,084	95,213	29.4	23.4
Other textile products.....	43	92,263	137,092	+48.6	462,004	527,766	20.0	26.0
Clothing and apparel.....	30	34,739	34,768	+0.1	146,074	173,295	23.8	20.1
Leather tanning.....	10	5,519	11,290	(+)	50,205	53,282	11.0	21.2
Shoes, leather products.....	23	27,071	37,534	+38.7	211,452	232,017	12.8	16.2
Tires, rubber products.....	26	135,727	122,154	-10.0	662,784	760,470	20.5	16.1
Lumber.....	21	23,066	42,458	+84.1	109,128	132,925	21.1	31.9
Furniture, wood products.....	15	10,412	18,958	+82.1	106,745	115,114	9.8	16.5
Pulp and paper products.....	74	144,282	267,176	+85.2	1,010,471	1,179,824	14.3	22.6
Printing and publishing.....	28	35,606	42,548	+19.5	187,160	199,767	19.0	21.3
Chemical products.....	60	320,672	398,813	+24.4	2,160,524	2,321,855	14.8	17.2
Drugs, soap, etc.....	29	126,139	126,460	+0.3	520,744	614,783	24.2	20.6
Paint and varnish.....	17	36,842	54,856	+48.9	269,714	288,241	13.7	19.0
Petroleum products.....	40	769,556	1,215,947	+58.0	7,174,266	7,712,538	10.7	15.8
Cement.....	25	19,539	24,193	+23.8	191,827	198,469	10.2	12.2
Glass products.....	12	53,719	68,046	+26.7	362,208	390,331	14.8	17.4
Other stone, clay products.....	41	63,622	92,790	+45.8	465,222	524,652	13.7	17.7
Iron and steel.....	50	271,008	425,552	+57.0	3,659,481	3,780,331	7.4	11.3
Agricultural implements.....	13	45,695	96,249	(+)	797,152	866,294	5.7	11.1
Building, heating, plumbing equipment.....	67	58,398	108,109	+85.1	508,038	570,388	11.5	19.0
Electrical equipment and radio.....	74	113,861	272,222	(+)	1,270,385	1,412,386	9.0	19.3
Hardware and tools.....	50	36,101	55,025	+52.4	272,967	291,326	13.2	18.9
Household equipment.....	39	45,354	83,620	+84.4	210,177	243,617	21.6	34.3
Machinery.....	151	99,655	180,331	+81.0	980,721	1,075,775	10.2	16.8
Office equipment.....	21	56,426	91,753	+62.6	293,525	338,083	19.2	27.1
Nonferrous metals.....	30	133,158	283,341	(+)	1,963,856	2,018,206	6.8	14.0
Other metal products.....	83	77,783	135,155	+73.8	822,007	877,075	9.5	15.4
Automobiles and trucks.....	28	121,307	450,942	(+)	1,983,117	2,172,379	6.1	20.8
Automobile parts.....	63	40,691	125,722	(+)	442,305	534,474	9.2	23.5
Railway equipment.....	25	47,260	61,821	+30.8	561,659	588,944	8.4	10.5
Aircraft and parts.....	24	19,596	116,625	(-)	406,539	452,134	4.8	-----
Shipbuilding.....	6	10,220	9,876	-3.4	66,894	74,103	15.3	13.3
Miscellaneous manufacturing.....	45	81,778	95,352	+16.6	529,324	584,602	15.4	16.3
Total manufacturing.....	1,571	4,111,875	6,316,975	+53.6	34,005,411	37,062,316	12.1	17.0
Coal mining.....	24	37,316	62,424	+67.3	494,109	506,929	7.6	12.3
Metal mining.....	26	25,029	46,227	+84.7	389,894	402,345	6.4	11.5
Oil and gas.....	41	35,816	59,983	+68.2	293,947	351,980	12.1	19.9
Other mining, quarrying.....	12	23,870	30,344	+27.1	118,165	123,759	20.2	24.5
Total mining, quarrying.....	103	121,531	208,978	+72.0	1,295,115	1,385,013	9.4	15.1
Chain stores—food.....	16	46,643	47,501	+1.8	239,386	269,422	19.5	17.6
Chain stores—other.....	58	213,030	201,030	-5.6	927,012	1,069,901	23.0	18.8
Department stores.....	44	133,325	116,649	-12.5	669,551	795,766	19.9	14.7
Mail order.....	5	148,494	165,169	+11.2	621,297	782,985	23.9	21.1
Miscellaneous and wholesale.....	54	82,964	85,483	+3.0	392,925	450,351	21.1	19.0
Total trade.....	177	624,456	615,832	-1.4	2,850,171	3,368,425	21.9	18.3
Class 1 railroads.....	133	287,139	460,200	+60.3	12,665,923	12,715,977	2.3	3.6
Traction and bus.....	26	13,253	3,000	-77.4	281,602	287,902	4.7	1.0
Shipping.....	13	28,211	32,213	+14.2	234,584	250,517	12.0	12.9
Air transport.....	12	2,694	11,835	+438.2	70,377	70,123	-----	-----
Miscellaneous transportation.....	47	15,849	20,251	+27.8	207,217	214,204	7.6	9.5
Total transportation.....	231	341,758	503,829	+47.4	13,459,703	13,538,723	2.5	3.7
Electric power, gas, etc. ³	186	565,150	586,466	+3.8	6,418,734	6,504,968	8.8	9.0
Telephone and telegraph ⁴	54	217,310	185,590	-14.6	3,132,321	3,205,333	6.9	5.8
Total public utilities.....	240	782,460	772,056	-1.3	9,551,055	9,710,301	8.2	8.0
Amusements.....	17	134,166	109,494	-18.4	600,209	686,880	22.4	15.9
Restaurant and hotel.....	43	22,604	24,600	+8.8	144,901	158,254	15.6	15.5
Other business services.....	29	18,062	21,715	+20.2	128,988	137,650	14.0	15.8
Construction.....	17	9,432	12,623	+33.8	77,711	85,960	12.1	14.7
Total amusements, services, etc.....	106	184,264	168,432	-8.6	951,809	1,068,744	19.4	15.8
Commercial banks ⁵	274	385,974	378,132	-2.0	4,536,040	4,816,632	8.5	7.9
Fire and casualty insurance ⁶	83	20,701	44,626	(+)	1,608,120	1,452,401	1.3	3.1
Investment companies ⁶	154	135,638	147,741	+8.9	2,397,883	2,447,223	5.7	6.0
Sales finance companies.....	58	29,140	56,232	+93.0	508,793	534,124	5.7	10.5
Real estate companies.....	105	11,903	15,205	+27.7	135,188	143,273	8.8	10.6
Total finance.....	674	583,356	641,936	+10.0	9,186,024	9,393,653	6.4	6.8
Grand total.....	3,102	6,749,700	9,228,038	+36.7	71,299,288	75,527,175	9.5	12.2

¹ Increases or decreases of over 100 percent not computed.

² Net worth is based upon balance-sheet book values of assets, which may differ widely from actual present-day values.

³ Before depletion charges in some cases.

⁴ Deficit.

⁵ Due to the large proportion of capital investment in the form of funded debt, rate of return on total property investment would be lower than that shown on net worth only.

⁶ Figures represent in most cases operating earnings only, and do not include profits or losses on investments.

EXHIBIT E—THE BATTLE OF THE FAMILY BUDGET

The following article, by Richard L. Neuberger, in the January 11, 1948, issue of the New York Times tells a dramatic story of one family's struggle to make ends meet, on a fixed income, in the face of the rapidly rising cost of living:

A 6-cent spurt in the price of hamburger a few weeks ago was particularly unwelcome to Martha Andrews. Martha is a 28-year-old housewife with a husband, Ted, aged 34, and three small children—Ted, Jr., aged 8; Jane, 2; and Robert, 7 months. While Ted was off fighting in Europe with General Patton's Third Army his mouth watered for Martha's baked hams and veal roasts. However, meat loaf, hamburger patties, and spaghetti with meat balls have become the regular diet in the wartime housing unit in which the Andrews live, and that is why the rise in the cost of hamburger from 42 to 48 cents a pound at the corner butcher shop did such damage to Martha's budget.

The Andrews are an average American family. Ted earns \$250 a month pumping gasoline at an independent service station and garage 4 or 5 miles east of Portland, on U S 30, along the timbered shores of the Columbia River. This is \$75 more than he earned at the same work before he went to war in 1942. Of the three children, two were born after Ted returned from the Army with a medical discharge early in 1945.

For a time the rising cost of living merely inconvenienced the Andrews. Now it has passed far beyond the casual stage. Ted is not sure what the family would do if it had a serious illness. A small legacy left by Martha's parents is down to \$350 and that is their only reserve. Half a dozen series E war bonds were cashed to pay for Christmas presents.

The Andrews take some comfort from the fact that practically all their friends seem to be in a similar predicament. Martha is certain of that from her conversations with other housewives who live in the housing project which was occupied by Henry J. Kaiser's shipyard workers during the war. She also gets letters from her married sister in Spokane, and Ted hears occasionally from men with whom he served in the Army.

All these sources indicate to the Andrews that their experience is by no means unique in this period of the highest prices in American history. Indeed, Martha says, "I suppose there must be millions of families all the way across the United States in just exactly the same boat. If they can keep afloat, I guess we can, but it's getting harder all the time."

How have the Andrews made out thus far? What fate do they think 1948 holds for their strained and battered budget?

It is easy to tell where the money goes today. The two chief items are food and rent. Forty-four percent of the monthly income, or \$110, goes for food; rent, including light, heat, and water, is \$49.50. And the remaining \$90.50 of Ted's salary seems to disappear like a snowman in the noon-day sun. Ted insisted on having a telephone installed when the new baby was on the way; this costs \$2.75 for a four-party line. He spends \$16.50 a month to carry his GI life insurance policy. The family has no car and transportation for Ted to and from work comes to \$9. They budget \$15 a month for medical care and prescriptions and the total is nearly always spent.

All of this comes to over \$200 and still some big items must be taken care of. So far as clothing is concerned, Martha improvises all she can. Jane is very much a little girl but she wears slickers, "Dr. Dentons," and overalls which her brother Ted, Jr., long ago outgrew. Martha paid \$20 to a crippled friend with sewing skill to make an

old coat into a trim suit, complete with the "new look." Ted wore his GI shoes to work until the uppers split away from the composition soles, and then had to count out \$15.50 for a new pair which would withstand grease and gravel.

With five \$500 deductions, including his own, Ted Andrews' income taxes are small. He pays \$42 a year to the Federal Government and \$6 to the State of Oregon. Ted says he has no complaint about taxes, but he and his wife resent the high prices that keep them from saving. "After a few dentist's bills and other odds and ends," says Ted, "we don't even have enough left when the month is over to pay for a week's summer vacation 75 miles away at the beach."

Martha allocates \$25 for food each week. Last week she spent \$24.89, in this way:

Meat	\$7.00
Milk (9 quarts)	2.07
Cheese	1.00
Eggs (3 dozen)	2.13
Bread (7 loaves at 1½ pounds each)	1.47
Staples (sugar, coffee, flour, etc.)	2.25
Fruit (canned and fresh)	3.00
Vegetables (canned and fresh)	3.00
Margarine (3 pounds)	1.32
Baby food (canned)	.72
One quart ice cream	.43
Ted's contribution to coffee-and-soup fund at garage	.50

Before the war, with less money, Martha was able to serve leg of lamb or even prime ribs for Sunday dinner and some kind of meat or fish the other six nights. Now she buys roasts only occasionally, and on at least two evenings a week the principal course consists mainly of rice, macaroni, or noodles. Many months ago Ted cut out the irregular indulgence of a hot lunch at the diner across the highway from the garage. He and the other workers bring sandwiches and make coffee or heat canned soup over a hotplate.

Only on Sundays does Martha serve ice cream to her family. Otherwise they finish the principal meal with fresh fruit from the grocery store or peaches canned at home. At breakfast only the children get the juice of fresh oranges; the parents drink canned juice, which is cheaper. Eggs are the great luxury all enjoy; it was to enable Ted to start for work with two fried eggs under his belt that, nearly a year ago, the Andrews gave up butter. The one time that Martha entertained the other wives in the housing unit she served a big golden omelet and homemade applesauce.

Martha says all the culinary skill taught her by her mother has vanished in the onrush of inflationary food prices.

"I used to be famous for meat loaf," she tells me. "Everyone raved about it. The recipe was my mother's. But now I have to fill the meat loaf so full of bread crumbs or rice to stretch the hamburger that it has no resemblance to the original. Thanksgiving Day also upset some notions which had lasted since childhood. Even on the farm turkey was a delicacy—yet Ted and I treated ourselves to a Thanksgiving turkey because it turned out to be only a few cents more a pound than hamburger."

She is indignant at warnings from the Government not to waste food. "How many families do they think are able to waste any food at these prices?" she asks, her dark eyes flashing. "That Thanksgiving turkey lasted us a whole week. We had it roasted, warmed over, served in cold slices, creamed and made into hash, croquets and soup. I don't believe I threw out enough of that turkey to fill a coin purse."

High prices have forced on the Andrews many economies. They get books at the public library instead of buying them at a bookstore. Except when a jovial customer has thrust a pack in his direction, Ted has

not smoked a cigarette since the end of 1946. A pipe satisfies his taste for tobacco. Martha puts up her own jams, jellies, fruits, and vegetables. She and other housewives in the Vanport housing project even buy jars and lids in big quantities to get them cheaper. During the summer months Ted, a six-footer who was star tackle in high-school football, often spends a Sunday helping cultivate a nearby truck garden along the Columbia bottomlands. Then he comes home laden with heads of cauliflower, bags of peas and ears of golden corn.

Martha cuts the children's hair, washes her own, and gets a permanent but once a year, and then at a beauty-school price. Ted postpones his haircuts as long as he can; when he finally does get one, it is from a beginner at a local barber college for 40 cents instead of at a commercial shop for \$1.

The high cost of hamburger and bread long ago ruled movies out of the Andrews budget. However, Ted discovered that by joining the Portland auxiliary police force he could get into shows free, and occasionally he sends Martha to a movie which he tells her is really colossal, while he stays at home with the children. He and Martha can't go together because they can't afford a baby sitter. Teen-aged youngsters in the neighborhood want 50 cents an hour.

In his spare moments at the garage Ted works with the two mechanics. Within the next 9 or 10 months he expects to be tuning up motors and straightening out bent fenders. Then his salary will jump to \$300, or perhaps even \$350. However, he believes the increase will do him no good unless somehow prices are brought into line. The worst of it is, says Ted, is feeling that he is on a treadmill. "At these prices," he says, "you can't build or buy a house, you can't get an automobile, you can't save for a vacation, you can't even put away some money for your children's education. That's the worst of the whole thing. We're just standing still. We can't get ahead of the game. Prices eat up every cent I earn."

The Andrews are resentful of economic conditions in general but their resentment is channeled in no particular direction. They didn't like it when in September their rent was raised \$7 a month. The units of their housing development are of flimsy construction and the squeak of boards in the apartment next door is clearly audible in the Andrews home. But their special interests do not shape their whole philosophy. A member of the auto mechanics union, Ted believes organized labor made it tough on the white-collar fellow by getting pay boosts the white-collar fellow had to help pay for, without any assistance from a union of his own. Ted also thinks business profits are too high and that the rich man is getting richer.

Ted and Martha are registered as Republicans, principally because they were brought up in rural Oregon, which is predominantly Republican. Ted worked on a farm until he and Martha, the daughter of a German-born wheat rancher, were married in 1938. They moved to Portland a few months later and Ted greased cars while Martha was a member of a championship girls' swimming team.

The Andrews voted a straight Republican ticket in November 1946. They admit they are disappointed, for they thought even then that prices had risen far higher than they should. "We hoped the Republican Congress would bring down the cost of living," says Martha. "Instead, prices are worse now than they were at the time of the election—much worse. I don't know how we will vote this year, but I'm sure it will be for the party we think will do the most to end these fearful prices."

There doesn't seem to them to be anything they can do directly. "I thought at first that

buyers' strikes might be the answer to high prices," says Ted. "That was all right when it came to automobiles, radio sets, new refrigerators, and even shoes and clothes. But you can't save on food when you have three little children. I believe I'd buy my children milk with the last dollar in my jeans, even if it was 43 cents a quart instead of the 23 it is now."

Ted and his wife have strangely conflicting fears. On the one hand, they fear that inflation may get further out of bounds, that prices will go higher. Ted predicts that his next raise will simply keep him where he is now. Yet, the Andrews also fear a deflation, the possibilities of a crash. "If we have another big depression, where will I be?" Ted asks.

When they express these fears, Ted is grim and his wife somber. Yet, on the whole, the Andrews are not a gloomy or melancholy family; in fact, they are quite the contrary. The three children are chubby and cheerful. The parents likewise are in excellent health. Martha, straight and trim, still can flash 100 yards through the water in 66 seconds. And Ted, when he takes a rusty set of clubs and rides on the trolley to a public golf course, can negotiate 18 holes in the low eighties.

Ted had hoped to study civil engineering at Oregon State College, but the \$90 a month of the GI bill of rights was not enough to feed five mouths at 1946 prices, let alone those of 1948. Ted overcame that disappointment, and now he takes solace in the belief that some day he will be an expert auto mechanic.

Despite their fears, Ted and his wife are hopeful that both the luxuries and necessities of life will again be available at prices which make sense and that the adjustment will come before the country suffers permanent economic damage.

EXHIBIT F—BUSINESS OUTLOOK

[From Business Week of April 17, 1948]

Inflation danger can grow early in 1949. Arms spending will be stepped up to the maximum rates permitted by appropriations. The deficit spending won't be large in the first 1949 quarter. Though if business is still booming, as seems likely, the March 15 tax date will see the Treasury temporarily rolling in dough. But relations with Russia, not tax receipts, hold the inflation key. If it is necessary to spend more and more on arms or if we start lend-lease armaments to Europe, then early 1949 may be the time to start dusting off the old price and production controls.

EXHIBIT G—LETTER FROM A \$60-A-MONTH PENSIONER

LONG BEACH, CALIF., November 1, 1947.
Representative HELEN GAHAGAN DOUGLAS,
House Office Building, Washington, D. C.

DEAR REPRESENTATIVE DOUGLAS: As one of your constituents, I am writing to inquire, if you cannot use your influence, when the House convenes in November, toward calling the attention of your colleagues to our domestic problems as well as that of the foreign?

No one feels more sorry than I, for those that are suffering from hunger abroad, as an aftermath of the war, but how about your countrymen at home, who are practically in the same boat?

There are millions like I am who have lost everything from a monetary standpoint, and are dependent upon the pension, which in our State is \$60 a month (and I am very grateful to God for same), but it is hardly adequate to cope with the exorbitant rentals asked for furnished rooms in conjunction with the spiral costs of all food commodities.

Eggs, poultry, in conjunction with bread and cake, is reaching an all-time high. A year ago bread was 10 cents a loaf, now it is 18 cents; doughnuts 15 cents for half dozen

in a box, now 25 cents, and when you buy them at the bakers, they are 26 cents for a half dozen; evaporated milk, formerly 2 cans (tall) for 15 cents, now 25 cents; oleo-margarine 25 cents, now 35 and 45 cents, and so on. Vegetables all out of proportion, as well as fruit, especially citrus.

It is very hard for one, alone in the world with no other source of income than what I have just stipulated, to exist, let alone live. We are advised to eat less, what a travesty, because at prices as they are we cannot even buy it.

I am paying \$8.50 a week rent, in a second-rate hotel (no homes for the aged where they can spend the eventide of their life in peace and tranquility). This practically amounts to half of my pension; then I try to exist for 32 days on the balance, because on account of the large number of those receiving the pension, it is usually the 2d of month, and sometimes the 3d or 4th (if there is a holiday) before we receive same.

It is to be deplored the Congress cannot have the amendment to the Social Security Act brought before them for debate, and if feasible, passed upon during this special session to alleviate the suffering of some of their constituents that voted them in office to represent us, because after all, there is an old adage that it would do well to remember: "Charity begins at home."

Hoping that I have not appealed to you in vain, and that you will use your influence, to bring this matter before the House by calling their attention to the deplorable economic condition of affairs (at home) and perhaps they will endeavor to ameliorate this present state of affairs as in my estimation it would not be a bad idea to put our own house in order in conjunction with those of foreign nations.

Yours very truly,

Mrs. _____.

SPECIAL ORDER TRANSFERRED

Mr. FOLGER. Mr. Speaker, I ask unanimous consent that the special order I had for today be transferred to next Tuesday, May 4, 1948.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

SPECIAL ORDER GRANTED

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the gentleman from New Mexico [Mrs. Lusk] may be permitted to address the House tomorrow for 1 hour after disposition of matters on the Speaker's desk and at the conclusion of any special orders heretofore entered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The SPEAKER pro tempore. Under previous order of the House the gentleman from Ohio [Mr. RAMEY] is recognized for 3 minutes.

WORLD PEACE AND CHRISTIAN PRINCIPLES

Mr. RAMEY. Mr. Speaker, the League of Nations failed miserably. Today its modern counterpart, the United Nations, is vastly less effective than we hoped for a few years ago when we took the leadership in creating it. Some will say flatly that it is bankrupt; for practical purposes, defunct. What is behind this dismal lack of success in organizing world peace?

Every student of the problem will at once come up with numerous and important answers to this question. But one factor to which we have not given enough attention is simply that God Almighty was not invited to the conclaves. The principles of Christian brotherhood were not present in the day-to-day operation of these agencies for world peace. Symptomatic of this condition is the fact that, in contrast to our own Congress, neither the League nor the UN opened its meetings with prayer.

Of course, these international bodies can only reflect, through their representatives, the spiritual values of the peoples and of the rulers they represent. If the citizens in a self-governing country, or the rulers in a dictatorship, are not imbued with the principles of Christianity, these international organizations cannot rise to a higher spiritual level than the sources of their being. If "everyone now makes God in His own image," as one of my fellow Congressmen asserts—if he has no higher standard of conduct than mere conformance to what the laws of the community require to keep him out of trouble—there will be serious consequences for the individual, the Nation, and the world. For peace does not originate at the high level of diplomatic relations between nations and then flow down to the people of the world. Peace, based on Christian principle, must first exist among individuals and then—and only then—will it permeate to the level of international relations of sovereign nation-states. Fortunately, today in this country we are witnessing something of a resurgence in dedication to Christianity on the part of increasing numbers of our people.

But, you will say, we are faced with hard facts and stubborn conditions today in the international sphere. There are grave questions of national policy to which belief in Christianity, important as it is, does not give the complete answers. You will say, it does not tell us how best to determine the control of atomic energy, the nature and extent of the European recovery program, the size of our armed forces, our policies in the Middle East. True, the Bible alone cannot be expected to give us the specific answers we must have in our day to day decisions affecting international peace. Nonetheless, the more the individual realizes that we all belong to a Brotherhood of Man under the Fatherhood of God which demands a continual striving to improve the ethical standards of our conduct, and the more these feelings are translated into our international activities as a Nation, the greater are the probabilities of peace.

This Christian attitude of which I speak does not mean for a minute that we, as a Nation, should not take an intelligent and realistic view of world events. It does not necessarily mean that we should not improve and husband our military strength, that we should not be firm in our dealings with Russia; or that we should not aid democratic countries abroad. It does mean that in taking such action on these problems as

our best reasoned intelligence dictates, we do it not in the spirit of vindictiveness, in the spirit of swaggering self-importance or of mere lust for power, but that we leave the door open to better relations around the world by leaving our attitudes and our decisions with some of the humility, some of the brotherhood, and some of the hope for sweet reasonableness in others that Christ exemplified. You will recall that when a group of men came to President Lincoln and said, "Mr. Lincoln, the Lord is on our side," he replied in words which should be remembered now, "I am not concerned about that; are we on God's side?" We must not forget, with Lincoln that the principles of Christianity stand higher than a mere partisan struggles in which the worship of God can be made a mockery.

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Massachusetts [Mr. KENNEDY] is recognized for 10 minutes.

AIR CARGO

Mr. KENNEDY. Mr. Speaker, I asked for 10 minutes in which to address this House in protest against the kicking around which this Government has given to many of my fellow veterans of World War II, who are engaged, or rather trying to engage, in the business of carrying cargo by air.

I will begin, Mr. Speaker, by pointing out that the United States Government has an extremely strong interest in encouraging the development of a fleet of freight planes. The Secretary of the Navy has testified before the Armed Services Committee of the Senate that the Russians now have more than 250 operating submarines—which is five times the submarine fleet with which the Germans started World War II. And these subs are far more dangerous and far harder to locate than were those which baffled our Navy and Air Force for such a long time in World War II.

We therefore can no longer place our sole reliance upon ocean vessels. We must be able to fly over the enemy navy. Furthermore, if there is any truth in what General Eisenhower has told us—that the next war will be won or lost in the first 60 days—then we certainly cannot rely upon supply lines which move at only 16 knots. We must have supply lines capable of keeping up with the 70 Air Force groups voted by this House last week. Therefore, Mr. Speaker, I submit that this Government has a very strong interest in building up a fleet of cargo planes without any further delay.

However, when we look at our present commercial air transport fleet, we are confronted with a very sad case of unpreparedness. The air lines which have been given certificates by the Civil Aeronautics Board possess and operate only about 60 freight planes, of which only about 20 are really capable of crossing the ocean. However, quite a group of veterans of World War II, when the war ended—and I remind this House that VJ-day occurred more than 2½ years ago—returned home with a desire to apply to our peacetime commerce those

talents which they had acquired in war: the ability to fly an airplane and the familiarity with moving large quantities of freight by air. Many of these veterans, with their own money and that of their friends and relatives, bought surplus cargo planes from the Government, formed companies, started in business, and applied to the Civil Aeronautics Board for certificates of convenience and necessity to operate regularly and in a big way.

The shameful thing, Mr. Speaker, is that during the last 2½ years not a single one of these veterans air freight lines has been granted a certificate by the Civil Aeronautics Board. Lacking a certificate, these veterans have been permitted to operate only under adverse and restrictive conditions and have found it difficult to borrow money from private banks. Many of them have been forced into bankruptcy, a fact over which the president of one large certificated passenger line gloated in a recent testimony before the Civil Aeronautics Board:

Not long ago, I believe, you could read in the paper that there were somewhere close to 100 companies engaged in that (air freight) type of service, and that has now diminished to a handful.

The Civil Aeronautics Board has not only been shamefully slow in handling the applications of these freight companies—the very type of company which this country needs for national defense—but they have failed to remove the obstacles which have been put in the way of these veterans.

Last fall the big certificated passenger air lines filed freight rates as low as 13 cents a ton-mile, which the CAB permitted to go into effect over the protest of the independent freight carriers. After another cut and another protest the CAB finally ordered an investigation, which is still pending. The veterans have charged that these new tariffs were designed solely to undercut them, and since the new rates were way below cost, they were apparently designed to crush and eliminate the remaining veterans who started this new air-freight business.

The President has recently appointed a new Chairman of the Civil Aeronautics Board, and one new member, and a third new member is slated to come before the Senate for confirmation. While the new Board has just made a tentative decision in the Air-Freight Rate case, it is yet too early to tell whether or not it will bring much relief to the veterans who are suffering from the rate war. We can only hope that in the future the Board will be considerably more enlightened on the subject of air cargo than it has been in the past.

We are all familiar, Mr. Speaker, with the tactics of big companies in certain fields other than air transportation, in starting a rate war for the purpose of crushing small competitors who do not have sufficient financial resources to last out such a rate war. The basic unfairness of this situation is high-lighted by another recent development.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. KENNEDY. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. During the past few years air transportation has increased tremendously, has it not?

Mr. KENNEDY. Yes.

Mr. McCORMACK. I read in the newspapers within the last day or two that the air freight business of Pan American had increased from \$12,000,000 in 1 year to well over \$30,000,000. This type of business is still in its infancy. Air freight deals principally with light articles and perishables, and it is going to develop into broader fields, of course. That is a healthy sign. However, as the business increases and the number of these independents decreases, the air freight business will become more and more monopolistic.

Mr. KENNEDY. Yes. The fact is that the Big Five air lines have gotten most of their income from passenger service, while the veterans have attempted to concentrate on freight, which would be a valuable asset to national defense. However, they have been pushed out by the rate war which the big companies have started, with the hope on the part of the big companies, I suppose, that when the rate war is over they can go back to their passenger service and get the following assistance. I think this is most unfortunate.

Only last week, Mr. Speaker, enormous subsidies in the form of mail pay were granted by the CAB to the certified lines. This move, Mr. Speaker, amounts to the Government using the taxpayers' money to finance those who are trying to crush the veterans' air-freight lines—at the very time when, for defense purposes, we should be encouraging them all we can. And it is certainly odd, Mr. Speaker, that the CAB is establishing air-mail rates for the Big Five air lines, which they call service rates, which are five times the rates they have approved for cargo.

These veterans' air-freight lines have among them some 125 freight planes, and it is my opinion, Mr. Speaker, that the able operators among them should be given certificates by the Government as quickly as possible, so that these freight planes may be added to the fleet we so badly need for national security. They will do all right in business; in fact, until this rate war was permitted last fall, these veterans' air-freight lines were operating in the black, which is more than can be said for nearly all the big passenger lines. These veterans' air-freight lines have carried more traffic than the certificated lines. They have done it entirely on their own, and without any subsidy from the Government. It is my firm belief that they fill an important need in the interstate and foreign commerce of this country.

These veterans desire fair play, and I announce at this time, Mr. Speaker, that when the appropriation bills for the payment of air-mail subsidies and any other legislation affecting them reaches the floor of this House, I am going to see that they get fair play.

ENROLLED BILLS SIGNED

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 1036. An act to provide for the licensing of marine radio-telegraph operators as ship radio officers, and for other purposes;

H. R. 4490. An act to authorize the Secretary of the Navy to provide salvage facilities, and for other purposes; and

H. R. 5448. An act to amend section 212 (b) and 231 (d) of the Internal Revenue Code.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1481. An act to authorize the Board of Commissioners of the District of Columbia to establish daylight-saving time in the District; and

S. 2195. An act to amend and extend the provisions of the District of Columbia Emergency Rent Act, approved December 2, 1941, as amended.

BILL PRESENTED TO THE PRESIDENT

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee did on April 26, 1948 present to the President, for his approval, a bill of the House of the following title:

H. R. 5328. An act to amend paragraph 1803 (2) of the Tariff Act of 1930, relating to firewood and other woods.

ADJOURNMENT

Mr. McMAHON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to, accordingly (at 7 o'clock and 2 minutes p. m.), pursuant to its previous order, the House adjourned until tomorrow, Thursday, April 29, 1948, at 11 o'clock a. m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1500. A letter from the Under Secretary of State, transmitting a draft of a proposed joint resolution approving an agreement relating to the resolution of conflicting claims to German enemy assets and authorizing the President to enter into the agreement or other agreements similar in character with certain countries; to the Committee on Foreign Affairs.

1501. A letter from the Secretary of State, transmitting a draft of a proposed bill to provide a civil government for the trust territory of the Pacific Islands; to the Committee on Public Lands.

1502. A letter from the Acting Attorney General, transmitting a voluntary plan covering the allocation of steel and pig iron for the construction of domestic railway freight cars and the repair of railroad rolling stock; to the Committee on Banking and Currency.

1503. A letter from the Chairman, Federal Power Commission, transmitting reports on the natural-gas investigation; to the Committee on Interstate and Foreign Commerce.

1504. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, United States Army, dated March 24, 1948, submitting a report, together with accompanying papers and illustrations, on a review of reports on Mississippi River below Cape Girardeau with respect to west Tennessee tributaries, requested by a resolution of the Committee on Flood Control,

House of Representatives, adopted on April 26, 1944, and other congressional authorizations (H. Doc. No. 627); to the Committee on Public Works and ordered to be printed, with two illustrations.

1505. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, United States Army, dated March 2, 1948, submitting a report, together with accompanying papers and illustrations, on a review of report on Clinton River, Mich., with a view to providing flood protection on Red Run, requested by a resolution of the Committee on Flood Control of the House of Representatives, adopted on May 2, 1946 (H. Doc. No. 628); to the Committee on Public Works and ordered to be printed, with two illustrations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. BISHOP: Joint Committee on the Disposition of Executive Papers. House Report No. 1826. Report on the disposition of certain papers of sundry executive departments. Ordered to be printed.

Mr. BATES of Massachusetts: Committee on Armed Services. H. R. 6341. A bill to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes; without amendment (Rept. No. 1827). Referred to the Committee of the Whole House on the State of the Union.

Mr. BATES of Massachusetts: Committee on Armed Services. H. R. 6342. A bill to authorize the Secretary of the Army and the Secretary of the Air Force to proceed with construction at military installations, and for other purposes; without amendment (Rept. No. 1828). Referred to the Committee of the Whole House on the State of the Union.

Mr. DONDERO: Committee on Public Works. S. 418. An act to provide for water pollution control activities in the Public Health Service of the Federal Security Agency and in the Federal Works Agency, and for other purposes; with an amendment (Rept. No. 1829). Referred to the Committee of the Whole House on the State of the Union.

Mr. EATON: Committee on Foreign Affairs. S. 1605. An act to provide for the payment of a sum not to exceed \$12,000,000 to the Swiss Government as partial compensation for damage inflicted on Swiss territory during World War II by United States armed forces in violation of neutral rights, and authorizing appropriations therefor; with amendments (Rept. No. 1831). Referred to the Committee of the Whole House on the State of the Union.

Mr. REES: Committee on Post Office and Civil Service. H. R. 4917. A bill to provide further benefits for certain employees of the United States who are veterans of World War II and lost opportunity for probational civil-service appointments by reason of their service in the armed forces of the United States, and who, due to service-connected disabilities, are unable to perform the duties of the positions for which examinations were taken; without amendment (Rept. No. 1832). Referred to the Committee of the Whole House on the State of the Union.

Mrs. ROGERS of Massachusetts: Committee on Veterans' Affairs. House Report No. 1068 (pt. II). Supplemental report to accompany H. R. 3748. A bill to provide additional compensation to widows and other dependents of certain veterans. Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. CRAVENS: Committee on the Judiciary. H. R. 5546. A bill for the relief of Harry Tansey; with an amendment (Rept. No. 1825). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ENGLE of California:

H. R. 6366. A bill to permit the sale of gold within the United States, its Territories and possessions, including Alaska, and for other purposes; to the Committee on Banking and Currency.

H. R. 6367. A bill to conserve water and power for irrigation and related purposes and to conserve petroleum used in power generation and to direct the construction, operation, and maintenance of transmission lines interconnecting Federal power systems of the Bonneville Power Administration and the Bureau of Reclamation in the Pacific Northwest and northern and central California; to the Committee on Public Lands.

By Mr. FLETCHER:

H. R. 6368. A bill to provide for the issuance of a special postage stamp in commemoration of the dedication of the Palomar Mountain Observatory; to the Committee on Post Office and Civil Service.

By Mr. GRIFFITHS:

H. R. 6369. A bill to incorporate the National Guard Auxiliary; to the Committee on the Judiciary.

By Mr. MASON:

H. R. 6370. A bill to provide for the deduction from gross income for income-tax purposes of expenses incurred by farmers for the purpose of soil and water conservation; to the Committee on Ways and Means.

By Mr. SANBORN:

H. R. 6371. A bill to provide for the conveyance of the Boise Barracks Military Reservation, Boise, Idaho, to Boise City, Idaho, excepting certain parts thereof heretofore set aside for governmental purposes of the United States; to the Committee on Armed Services.

H. R. 6372. A bill for the acquisition of additional land adjoining the Federal building in Idaho Falls, Idaho; to the Committee on Public Works.

By Mr. SHEPPARD:

H. R. 6373. A bill to limit and restrict the ownership and use of radio broadcast stations in chain or network broadcast service; to the Committee on Interstate and Foreign Commerce.

By Mr. WOLVERTON:

H. R. 6374. A bill to amend the Federal Airport Act; to the Committee on Interstate and Foreign Commerce.

By Mr. KNUTSON:

H. R. 6375. A bill to provide for the temporary free importation of lead; to the Committee on Ways and Means.

By Mr. WELCH:

H. R. 6376. A bill to cancel drainage charges against certain lands within the Uintah Indian irrigation project, Utah; to the Committee on Public Lands.

By Mr. ANDREWS of New York:

H. R. 6377. A bill to authorize the Secretary of the Navy to convey to the Commonwealth of Virginia a right-of-way for public-highway purposes in certain lands at Pungo, Va.; to the Committee on Armed Services.

By Mr. LYNCH:

H. R. 6378. A bill to provide for the refund of certain interest paid by veterans on loans secured by adjusted-service certificates, and for other purposes; to the Committee on Ways and Means.

By Mr. GEARHART (by request):

H. R. 6379. A bill to amend the Tariff Act of 1930, and for other purposes; to the Committee on Ways and Means.

H. R. 6380. A bill to increase the amount of articles acquired abroad by residents of the United States which may be brought into the country free of duty; to the Committee on Ways and Means.

By Mr. NIXON:

H. R. 6381. A bill to amend the Servicemen's Readjustment Act of 1944, as amended, and for other purposes; to the Committee on Veterans' Affairs.

By Mrs. DOUGLAS:

H. R. 6382. A bill to provide a coordinated anti-inflation program; to the Committee on Banking and Currency.

By Mr. BUFFETT:

H. J. Res. 389. Joint resolution to amend Public Law 472, Eightieth Congress; to the Committee on Foreign Affairs.

By Mr. RANKIN:

H. J. Res. 390. Joint resolution to authorize the erection of a marker to commemorate the poem *The Blue and the Gray* and the event which inspired its composition; to the Committee on House Administration.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLOOM:

H. R. 6383. A bill for the relief of Jacob Reder and Erna Marcelina Frenkel Reder; to the Committee on the Judiciary.

By Mr. BROPHY:

H. R. 6384. A bill for the relief of Mrs. Rose Katchios; to the Committee on the Judiciary.

By Mr. ELLIOTT:

H. R. 6385. A bill for the relief of Mrs. Dorothy M. Evans; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1846. By Mr. ELSTON: Petition of E. F. Freytag and 33 other residents of Cincinnati, Ohio, and vicinity, in support of legislation to reduce postage on packages mailed to European countries; to the Committee on Post Office and Civil Service.

1847. By Mr. PATMAN: Petition of Mrs. George P. Grout and 45 other members of the Bogata, Tex., Methodist Church, protesting against the inclusion of tobacco and American wine as a part of the aid to the peoples of Europe under the European recovery program; to the Committee on Foreign Affairs.

1848. By the SPEAKER: Petition of Max Kloen, Roslyn Heights, Long Island, N. Y., petitioning consideration of his resolution with reference to the grant of the reissue of United States Letters Patent No. 1,815,303; to the Committee on the Judiciary.

1849. Also, petition of Miss Rosa Lee Smith, Jacksonville, Fla., and others, petitioning consideration of their resolution with reference to endorsement of the Townsend plan, H. R. 16; to the Committee on Ways and Means.

1850. Also, petition of the chairman, Citizens Protective League, petitioning consideration of their resolution with reference to permitting the entry of German nationals into this country; to the Committee on the Judiciary.

XCIV—317

HOUSE OF REPRESENTATIVES

THURSDAY, APRIL 29, 1948

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Spirit of God, Thou who givest liberally to all men, whisper into our souls the secret of obedience to Thy holy will. We pray Thee to give us that repose of mind which believes that all things work together for good to them that love the Lord. We thank Thee that we can live by deeds and thoughts, rather than by years marked on the dial of time. No matter if the veiling fog shuts out the stars, we praise Thee that above all abide the immortal words sounding in the recesses of the soul: Peace, be still; it is I, be not afraid. In the Master's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed without amendment a concurrent resolution of the House of the following title:

H. Con. Res. 182. Concurrent resolution authorizing the printing as a House document the factual analysis on housing entitled "Housing in America" for the use of the Joint Committee on Housing.

The message also announced that the Senate had passed concurrent resolutions of the following titles, in which the concurrence of the House is requested:

S. Con. Res. 48. Concurrent resolution authorizing the appointment of a joint committee to arrange for the inauguration of the President-elect of the United States on January 20, 1949; and

S. Con. Res. 51. Concurrent resolution providing for the printing of additional copies of the hearings on investigation of national resources for the use of the Committee on Interior and Insular Affairs.

EXTENSION OF REMARKS

Mr. TWYMAN asked and was granted permission to extend his remarks in the Record in two instances and include extraneous matter.

FOOD PRICES

Mr. TWYMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. TWYMAN]?

There was no objection.

Mr. TWYMAN. Mr. Speaker, yesterday a Member of this body made an appeal for the return to controls because food prices have gone up. Nothing new was learned. We all know that food prices have gone up, but they have not gone up simply because there are no controls. I wish to quote from an article by George Thiem, staff farm writer of the

Chicago Daily News. He says, and I quote:

There is no mystery about high food prices.

The United States has been pumping food and resources to foreign countries at a rate never equaled in the history of the world.

People are putting 17 percent more food per capita under their belts than in the pre-war period.

And until lately consumers spent their money for food because there wasn't much else in the stores to buy.

University of Wisconsin economists came up with these explanations after digging into the causes of current price levels.

The experts put the finger on grain prices as the culprit in the whole upward spiral.

EXPORTS BIG FACTOR

Heavy wheat and corn exports built a fire under the grain market, causing repeated explosions at the Chicago Board of Trade.

Higher grain raised flour and bread prices. The cost of a ham, pork loin, and standing rib roast went up because high-priced corn was used to make them.

Singling out United States exports in 1946, the Wisconsin men said: "The export level was twice as high as the 1920 peak after World War I. It was five times as heavy as in 1938 and nearly 10 times as great as in the depression of 1933. These exports are largely Government promoted."

HIGHER PRICES, HIGHER PAY

Continuing the analysis: "Food prices bring demands for higher wages. Higher wages increase the price of most manufactured goods and the price of all services."

Unlike other war periods, this time agricultural products rose faster than nonfarm goods and reached higher peaks. Nonagricultural prices have not reached the peaks of other wars.

But the heyday of the farm boom is past, the economists conclude. The farmer's net in 1948 will be less than that of last year. His prices are falling, but his costs will stay up.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. TWYMAN. I yield.

Mr. RICH. We want to put controls on our exports. That will keep prices down here if we do it right.

The SPEAKER. The time of the gentleman from Illinois has expired.

EXTENSION OF REMARKS

Mr. ROBERTSON asked and was given permission to extend his remarks in the Appendix of the Record in two instances and in one to include an editorial.

Mr. LEFEVRE asked and was given permission to extend his remarks in the Appendix of the Record and include an editorial from today's Tribune.

Mr. COUDERT asked and was given permission to extend his remarks in the Appendix of the Record in two separate instances.

Mr. JAVITS asked and was given permission to extend his remarks in the Appendix of the Record in two separate instances.

Mr. SNYDER asked and was given permission to extend his remarks in the Appendix of the Record and include extraneous matter.

GREAT BRITAIN AND PALESTINE

Mr. JAVITS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.